



# Inclusive Insurance in the Philippines

Country Diagnostic and Roadmap

August 2023

With the support of



**Global Index  
Insurance Facility**



Cebu City, Cebu, with Mactan Island  
in the distance, Philippines

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# LIST OF ABBREVIATIONS

Agriculture Microinsurance Framework	MicroAgri Framework
Food and Agriculture Organisation	FAO
Global network for capacity building to increase access of small-scale fisheries to financial services	CAFI SSF Network
Gross Domestic Product	GDP
Group of Seven	G7
Insurance Development Forum 's Inclusive Insurance Working Group	IIWG
Insurance Development Forum	IDF
Insurance Institute for Asia and the Pacific	IIAP
Intergovernmental Panel on Climate Change	IPCC
International Fund for Agricultural Development	IFAD
International Labour Organisation	ILO
Kabalikat para sa Maunlad na Buhay, Inc	KMBI
Micro Insurance Intermediaries and Practitioners Association of the Philippines	MIPAP
Micro, small, and medium enterprises	MSMEs
Microinsurance Network	MiN
Mutual benefit associations	MBAs
National Household Targeting System for Poverty Reduction	NHTS-PR

National Labor Relations Commission	NLRC
Natural Catastrophe	NatCat
Non-governmental Organisation	NGO
Pantawid Pamilyang Pilipino Program	4Ps
Philippine Catastrophe Insurance Facility	PCIF
Philippine Insurers and Reinsurers Association	PIRA
Philippine Life Insurance Association	PLIA
Philippine Overseas Employment Administration	POEA
Philippines Insurance Commission	IC
Quarterly Informal Economy Survey	QIES
Savings and Credit Co-Operative Society	SACCO
Small-scale fisheries/fishers	SSF
United Nations Development Programme	UNDP
United States Dollars	USD
Vulnerable Twenty Group of Ministers of Finance of the Climate Vulnerable Forum	V20
World Bank Group's Global Index Insurance Facility	GIIF

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Two local fishermen preparing their boat, Bantayan Island, Philippines  
Source | Shutterstock

# INTRODUCTION

The objective of this Report is to provide an outlook of the inclusive insurance market in the Philippines, based on the social and economic outlook of the country and its risk profile, the current range of available products, and existing gaps in risk management solutions for vulnerable populations.

The ultimate goal is to present an initial version of a ‘Country Roadmap’ that outlines potential strategies for tackling the prevailing challenges in the market. While reference is made to many market assessments produced over the years by different organisations committed to inclusive insurance, the contents of this report are based on the inputs collected during the inclusive insurance country workshop, which was jointly promoted by the Insurance Development Forum (IDF) and the Microinsurance Network (MiN) in Manila, on the 4th and 5th of August 2023.

Additional background information, and a complementary analysis of the socio-economic context and the inclusive insurance market in the Philippines, can be found in the [MiN’s Country Briefing Note](#).

The Philippines was chosen as one of the priority countries for the intervention of the IDF’s Inclusive Insurance Working Group (IIWG), based on a rigorous process of country selection that was aimed at ensuring diversity and took into consideration political will and stability; legal and regulatory environment; development of the insurance market; and the presence and interest of the IIWG members, among other aspects.

The Strategy of the IIWG consists of establishing a Country Taskforce in each focus country, bringing together the players working in the inclusive space to assess gaps and opportunities, and to design a roadmap of activities, with a list of projects that could be supported by IDF members in order to achieve a determined level of scale.

The end objective is to support the market in increasing the uptake of inclusive insurance coverage to achieve the InsuResilience Global Partnership Vision 2025 of having an additional 500 million people covered by insurance protection, out of which 150 million people should be covered through inclusive insurance.

With the launch of the [Global Shield against Climate Risks](#) by the V20 and the G7, the IIWG is aligning the country selection with the pathfinder countries and piloting the methodology for stakeholder engagement to design country roadmaps; these will be specifically focused on inclusive insurance and could be integrated into the country requests for Climate and Disaster Risk Financing support. The roadmaps will be shared as public resources for IIWG members and will remain available for the Global Shield Secretariat, while serving as a foundation for forthcoming country engagements.

# CLIMATE RISK PROFILE

According to the World Risk Report 2023, the Philippines is listed in first position on the worldwide disaster risk ranking<sup>1</sup>. Situated along the typhoon belt in the Pacific, the country is subject to an average of 20 typhoons per year. On average, eight of these typhoons will make landfall, and five of them will cause significant destruction.

The most powerful typhoon in recent years in the Philippines was Typhoon Haiyan. This devastating typhoon struck the Philippines on November 8, 2013 and resulted in the loss of more than 6,000 lives, the destruction of more than 1 million homes<sup>2</sup>, and inflicted damage to agriculture and infrastructure amounting to USD802 million<sup>3</sup>.

The country's position within the "Pacific Ring of Fire" also makes it vulnerable to frequent earthquakes and volcanic eruptions. In addition, its geographical location and physical environment contributes to its high-susceptibility to tsunami, sea level rise, storm surges, landslides, floods, flashfloods, flooding, and drought.



**Figure 1 | Philippines regions and provinces.**  
Source | Wikimedia commons (author: Eugene Alvin Villar)

An archipelago comprised of 7,107 islands (1,000 of which are inhabitable), the country is split into three major geographical areas: the large island of Luzon; Mindanao; and the group of islands lying between them, known as the Visayas. With one of the world's longest coastlines, its marine and coastal resources yield USD3.5 billion annually in goods and services, with significant mineral, oil, gas, and geothermal potential<sup>4</sup>. It is also one of the most biologically rich and diverse countries in the world.

Many Filipino families live and make their living along coastal areas and are dependent on the natural resources from the sea, land, and forests for their livelihood and survival. This makes the Philippines doubly susceptible to the harsh impacts of climate change. Recent decades have witnessed an increase in damaging extreme events, such as heavy rainfall and tropical cyclone activity, and this trend is expected to continue under a changing climate.

Between 1951 and 2015, temperatures in the Philippines rose by 0.68°C, increasing by 0.1°C per decade<sup>5</sup>. Projections from the Intergovernmental Panel on Climate Change (IPCC) suggest that by the end of the 21st Century temperatures will have risen by 1 to 2°C, depending on the climate scenario. Although average rainfall may not change significantly, both its variability and intensity are expected to increase. Furthermore, extreme weather events will become more frequent and more intense. In terms of regional impacts, the northern and central parts of the country are expected to become wetter, while the southern part will experience increased dryness throughout the year.

The Philippines has established multiple frameworks to address climate change. The National Framework Strategy on Climate Change 2010-2022 aims to create a resilient nation with healthy, safe, prosperous communities, and thriving ecosystems. In line with the Nationally Determined Contribution, which was submitted to the United Nations Framework Convention on Climate Change in April 2021, the National Climate Change Action Plan 2011-2028 focuses on ensuring food security, water sufficiency, environmental stability, human security, climate-smart industries, sustainable energy, and capacity development.

These priorities are also reflected in The Country Partnership Framework with the World Bank, and the Country Partnership Strategy with the Africa Development Bank. Climate change action, disaster risk reduction, and environmental management are key areas of focus in these partnerships.

To enhance national capacity and provide more climate insurance, the Philippines Insurance Commission, in collaboration with the World Bank, PIRA, and the National Reinsurance Corporation of the Philippines, established the Philippine Catastrophe Insurance Facility.

## The Philippine Catastrophe Insurance Facility (PCIF)

The PCIF was established in response to the critical need for catastrophe insurance in the country. Its formation was a result of a collaborative effort between the Insurance Commission (IC) and PIRA.

In 2021, the IC issued Circular Letter n. 2021-27, outlining the framework for the PCIF. This framework included the review and adjustment of catastrophe insurance rates to make them more risk-appropriate and sustainable; it also ensured that rates were complied with, and that access to insurance coverage was increased. Non-life insurers were directed to actively participate in the PCIF Technical Working Group, which aimed to determine and adopt risk-appropriate and sustainable rates and structure. Insurers were also committed to ceding a portion of their earthquake, typhoon, and flood risks to the PCIF, with the PCIF retroceding the same risks to subscribing authorised non-life insurers. This initiative aimed to enable the Philippine insurance industry to retain more risk domestically and expand its catastrophe insurance offerings, benefiting micro, small, and medium enterprises (MSMEs) and vulnerable households during natural disasters.

Initially, the PCIF focused on creating a pooling facility for natural catastrophe (NatCat) risks written by local insurers. This approach aimed to homogenise risk profiles and make them more attractive to the foreign reinsurance market, especially in challenging market conditions. However, as discussions progressed, the PCIF recognised the importance of inclusivity and expanded into two workstreams.

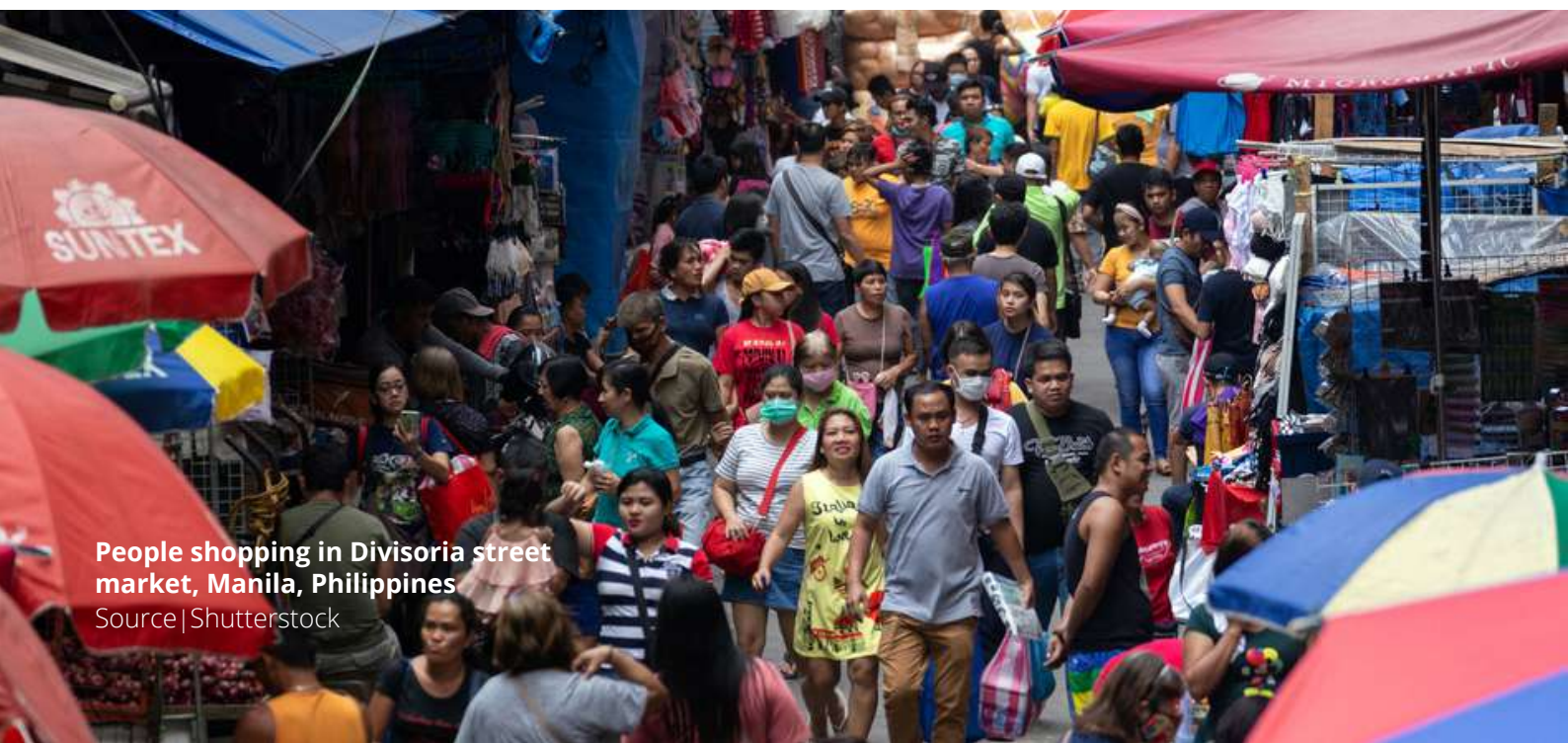
The first workstream, PCIF1, continued its focus on pooling NatCat risks, while the second workstream, PCIF2, developed actual insurance products designed for the underserved portion of the population. PCIF2 offers a combination of traditional indemnity-based insurance and parametric cover to ensure fast payouts. This microinsurance product emphasises affordability, quick claims processing, and flexibility in coverage size. Additionally, the PCIF became involved in agriculture insurance, and collaborated with stakeholders to crowd in the private sector and enhance the capacity for agricultural insurance products (more detail on this can be found in the 'smallholder farmers' section on page 26). These efforts reflect the PCIF's commitment to addressing insurance challenges and promoting inclusivity in disaster risk reduction and insurance coverage in the Philippines.

## ECONOMIC OUTLOOK

The Philippines stands out as one of the most dynamic economies in the East Asia and Pacific region. This dynamism is underpinned by several key factors: a rising rate of urbanisation, the growth of a burgeoning middle class, and the presence of a large and youthful population.

The country's economic vigor is primarily driven by robust consumer demand, which, in turn, is bolstered by a thriving labour market and substantial remittance inflows. Poverty rates declined from 23.3% in 2015 to 18.1% in 2021<sup>6</sup> despite the shocks endured through the COVID-19 pandemic and other global headwinds, such as high global commodity prices and tight global financial conditions. To ensure sustained growth in the medium and long term, the Philippine government is focusing on making substantial investments in both the skills of its workforce (human capital) and its infrastructure (physical capital).

In recent years, the Philippines has experienced an acceleration in its economic growth, jumping from 5.6% in 2021 to 7.6% in 2022<sup>7</sup>. With ongoing recovery efforts and reforms, the country is on a path to transition from a lower middle-income nation to an upper middle-income country in the near future. By the year 2034, it is projected to become one of the few countries in the Asia-Pacific region with a GDP exceeding one trillion dollars. This milestone will lead to a significant reshaping of the Philippines' economy, marked by substantial growth in its domestic consumer market. Additionally, it will attract increased foreign direct investment as multinational companies expand their operations in various manufacturing and service-sector industries within the country.



People shopping in Divisoria street market, Manila, Philippines

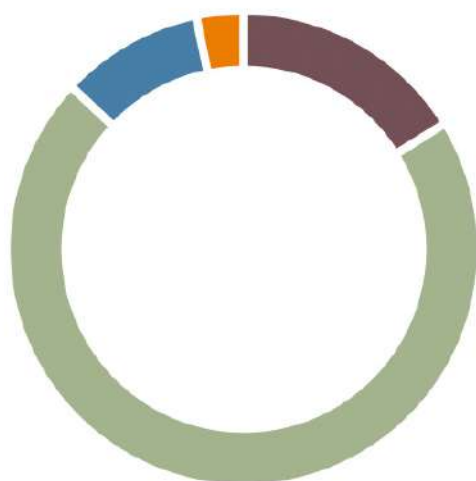
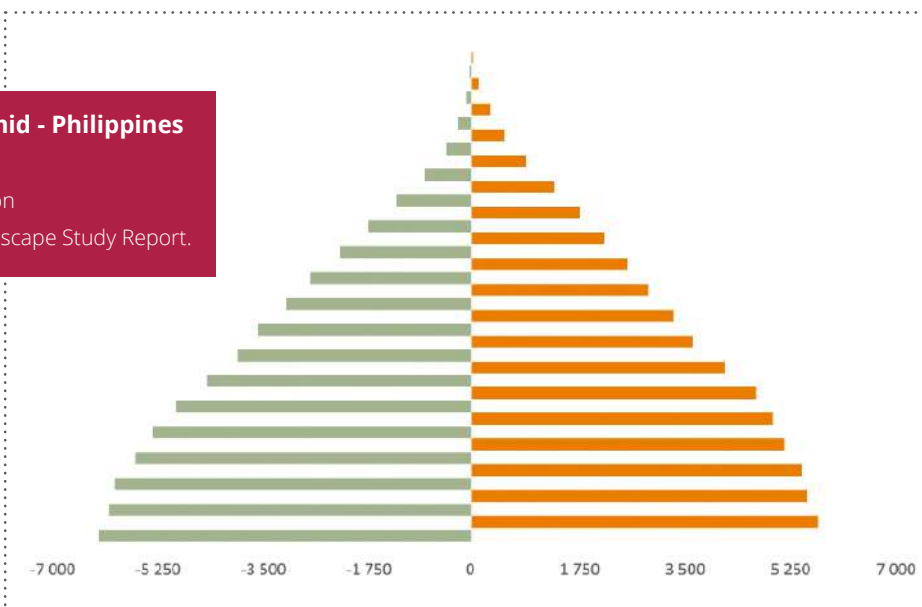
Source | Shutterstock

# SOCIAL OUTLOOK

Low- and middle-income groups make up 85% of the population in the Philippines<sup>8</sup>; these groups are the primary focus for microinsurance. In 2021, the median age of the population was 24.5, compared to the global median of 30.3<sup>9</sup>. In 2022, the World Bank reported the Philippines' fertility rate as 2.7, exceeding the global rate of 2.3. Within the East Asia and Pacific region, it stands as one of the few countries with a fertility rate surpassing the replacement rate of 2.1. In terms of gender distribution, there is nearly an equal split, with 50.77% being male and 49.23% being female.

**Figure 2 | Population pyramid - Philippines**

Source | United Nations Population Division. Taken from the MiN Landscape Study Report.



**Figure 3 | Population by estimated income groups**

Source | Pew Global Research, United Nations Population Division, Microinsurance Network analysis. Taken from the MiN Landscape Study Report.

The social protection gap remains significant in the Philippines, with only 36.7% of the total population benefiting from at least one form of social protection in 2021<sup>10</sup>. To address this, the government has established various national policies and legislation, such as Chapter 11 of the Philippines Development Plan 2017-2022, which outlines strategies to reduce vulnerability among individuals and families.

Notable social protection programmes in the Philippines include the nationwide conditional cash transfer Pantawid Pamilyang Pilipino Program known as 4Ps, the Emergency Cash Transfer programme, a national social security retirement scheme, and the Supplementary Feeding Program, among others. These initiatives aim to enhance social protection coverage and support vulnerable populations in the country.

The 4Ps is a government initiative designed to address poverty by providing conditional cash grants to the country's most disadvantaged families, with a focus on improving the health and education of children aged 0-18. Inspired by similar conditional cash transfer programmes in Latin America and Africa, the 4Ps serves two primary purposes: social assistance, offering monetary support to extremely impoverished families to address their immediate needs; and social development, aiming to break the cycle of intergenerational poverty by investing in the health and education of underprivileged children through various measures, including health check-ups for pregnant women and young children, deworming for school-aged children, school enrollment, and family development sessions.

The 4Ps operates nationwide, and beneficiary selection relies on the National Household Targeting System for Poverty Reduction (NHTS-PR), a system designed to identify and locate impoverished individuals and families across the country. The programme offers two types of cash grants to household beneficiaries: a health grant, and an education grant per child every month for ten months (a household may register a maximum of three children for the programme).

In partnership with the Commission on Higher Education, the Department of Labor and Employment, and the Philippine Association of State Universities and Colleges, 4Ps has enrolled 36,003 beneficiaries in state universities and colleges as of June 2015. Additionally, in partnership with PhilHealth, 4Ps has covered 4.4 million beneficiaries under the National Health Insurance Program.

Complementing the 4Ps is the Modified Conditional Cash Transfer Program, which provides tailored assistance to families requiring special protection, including street families, itinerant indigenous groups, those displaced by natural or man-made disasters, households with persons with disabilities, child labourers, youth in conflict with the law, and families with members suffering from terminal diseases, or victims of human trafficking.

An additional layer of social protection, the National Health Insurance Program (NHIP) seeks to provide comprehensive healthcare coverage and access to quality services for all citizens. It targets poor families identified by the NHTS-PR, subsidising their premium contributions and enforcing a No Balance Billing Policy to ensure they do not face additional charges beyond the package rates. The programme also extends coverage to previously uncovered senior citizens. PhilHealth, which administers the NHIP, offers a range of benefit packages, including inpatient and outpatient care, emergency services, and other healthcare services.

The Philippines is one of the world's largest sources of migrant labourers per capita, with approximately 1.83 million Filipinos working abroad in 2021<sup>11</sup>. Forming their children to become 'overseas Filipino workers' is a common ambition amongst low-income families in the country. PhilHealth extends coverage to overseas workers, allowing them to access medical treatment abroad. Additionally, their dependents can receive healthcare services from local hospitals in the Philippines.

Organisations such as the Philippine Overseas Employment Administration (POEA) and the National Labor Relations Commission (NLRC) are responsible for safeguarding the rights and welfare of migrant workers. They achieve this through various initiatives, including financial education and training programmes, welfare associations, and the negotiation of bilateral and multilateral agreements aimed at protecting the interests of overseas Filipino workers.



**A fisherman fishing in the Philippines**

Source | Shutterstock

# INCLUSIVE INSURANCE MARKET OUTLOOK

The Insurance Code of the Philippines serves as the fundamental framework for the regulation of the insurance industry in the country. The Code designates the Insurance Commission (IC) as the regulatory authority, entrusted with the responsibility of overseeing and conducting comprehensive examinations of all entities operating within the industry.

The Philippine insurance sector encompasses a diverse range of entities, including commercial life and non-life insurance companies, mutual benefit associations (MBAs), cooperative insurance societies, insurance agents and brokers. To operate within this industry, all entities offering insurance products and services must obtain a license from the IC.

The private sector is organised in two insurance associations per segment: PLIA and PIRA. The IIAP performs a crucial role in providing training for the industry, having partnered with the International Labour Organisation (ILO) on the provision of microinsurance training to the professionals in the local industry. The Micro Insurance Intermediaries and Practitioners Association of the Philippines (MIPAP) is also an active association of market players working primarily in the insurtech space.

As defined by the IC under Republic Act no. 10607, a microinsurance product is characterised by its ability to cater to the risk protection needs of economically disadvantaged individuals. This classification is based on two key criteria: (a) the amount of contributions, premiums, fees, or charges, which are computed on a daily basis, must not exceed 7.5% of the current daily minimum wage rate for non-agricultural workers in Metro Manila (the premium cap is of approximately USD 10.75 currently), and (b) the maximum sum of guaranteed benefits should not exceed 1,000 times the current daily minimum wage rate for non-agricultural workers in Metro Manila.

Complementing the Republic Act no. 10607, other frameworks regulate specific aspects or segments within the realm of inclusive insurance. The Agriculture Microinsurance Framework (MicroAgri Framework), for example, promotes and encourages the provision of agriculture microinsurance products and services that are simple, affordable and accessible to the vast majority of the population that is dependent on agriculture. In addition to providing a clear-cut policy on agriculture insurance to encourage private microinsurance providers to innovate and design products that are tailor-made to the needs of agricultural clients, it also promotes the need for public and private sector collaboration for policy and product development.

MicroAgri insurance is designed to provide protection against various risks across the agricultural value chain, encompassing pre-production to final product marketing stages. Two types of Micro-Agri products are permitted: standard indemnity-based policies, which

cover actual losses incurred when predefined events occur during the policy term; and parametric-based or index-based policies, which respond to breaches of predefined parameters or indices within the specified policy term, which can include wind speed, temperature, relative humidity, water levels, rainfall, and other approved indicators.

The Framework for Health Microinsurance, known as MicroHealth, is designed to complement the Government's Universal Health Care programme by fostering a sustainable private sector microinsurance industry. Its primary goal is to provide comprehensive and accessible health coverage to all Filipinos, with a special focus on low-income and informal sector populations. The framework aims to achieve inclusive health insurance, boost private sector involvement, enhance access to innovative MicroHealth products and services, and prioritise consumer value and client protection. Notably, the regulation and supervision of Health Maintenance Organizations (HMOs) were transferred from the Department of Health to the Insurance Commission, strengthening HMOs' role in advancing inclusive health coverage.

The Microinsurance Pre-need Regulatory Framework is established to offer cost-effective pre-need products for education, life, memorial services, and pension. Pre-need plans encompass contracts or agreements providing future services, monetary considerations, or benefits at agreed maturity dates.



Rice farmers working with oxen in a rice field, Baguio, Philippines  
Source | Shutterstock

In 2022, the IC introduced baseline guidelines for insurers and mutual benefit associations to facilitate the implementation of takaful or Islamic insurance in the Philippines. The regulatory framework applies to both existing and authorised insurance companies, and mutual benefit associations planning to establish takaful operations. It mandates takaful operators to establish mechanisms for obtaining rulings from Shariah scholars, ensuring Shariah compliance across their products and operations. The regulation came in line with the Commission's acknowledgement of the rapid growth of Islamic finance globally and its aim to attract funds from Islamic investors to support social and infrastructure needs in the Philippines, particularly within the Muslim community. This initiative is aligned with the country's Updated Philippine Development Plan 2017-2022, emphasising the importance of a resilient and inclusive financial sector, including legal infrastructure for Islamic banking and finance.

The Philippine insurance sector boasts more than 100 insurance companies, including mutual benefit associations that actively operate within the nation. Looking at the overall insurance market performance, in 2021, the written insurance premiums for the Philippines reached USD7.95 billion, marking a significant 18% increase (inflation-adjusted) compared to the previous year – as reported in the Sigma Explorer database. Notably, life insurance dominated the market, constituting 75% of the total written premiums. It is noteworthy that the life segment enjoys a 2% premium tax rate, while non-life insurance is subject to a 12% VAT on the entire gross premium. Despite this growth, the insurance penetration rate (premiums as a percentage of GDP) in the country remains at 2%, with an insurance density (premiums per capita) of USD71.

On a more focused regard to the segment of inclusive insurance, there are currently 12 companies operating in the life microinsurance segment, 15 companies in non-life, and 23 MBAs. CARD Mutual Benefit Association is the leader in number of lives covered in the MBA sector, while Pioneer leads number of lives covered both in the life and non-life sectors. When looking at premium income, CARD Mutual Benefit Association leads amongst the MBAs, CLIMBS Life and General Insurance Cooperative is the leader on premium production in the life segment, and CARD Pioneer Microinsurance in non-life.

Data from the Microinsurance Network's Landscape Study, based on voluntary participation of 16 insurers in the Philippines, reported the existence of 59 microinsurance products in 2021, providing coverage to approximately 15 million individuals and generating premiums totaling USD46 million. Among the reported products, life insurance had the broadest coverage, encompassing 53% of the total insured population, followed by personal accident (27%), credit life (15%), and property (non-agriculture) at 5%. Additionally, health, funeral, agriculture, and investment-related products were also reported.

In terms of premiums within the microinsurance segment, life insurance accounted for 34.5% of the total, followed by property (non-agriculture) at 28.1%, personal accident at 26.5%, and credit life at 8.8%.

Microfinance institutions emerged as the predominant choice of distribution channel by the Landscape Study respondents, accounting for 64% of the reported microinsurance products. Agents and brokers followed at 29%, while financial institutions, NGOs, mobile network

operators, and SACCOs represented 20%, 19%, 12%, and 5%, respectively. Other distribution channels, including aggregators and agricultural/trade cooperatives, were also mentioned. Notably, digital platforms were integrated into the distribution channels for 37% of the products.

Cash transactions were the payment method of 32% of the products, while debit payments and mobile money, along with credit card payments, each constituted 12% and 9%, respectively. For 35% of the products, alternative payment options beyond the mentioned categories were reported.

Microinsurance providers in the Philippines adhered to regulatory requirements set by the IC for turnaround time on claims assessment, ensuring that losses or claims were settled within 10 working days upon receiving complete documentation for microinsurance products. The median internal turnaround time of the surveyed sample was four days, and the external turnaround time was 10 days.

Furthermore, the median claims ratio for the Philippines, as revealed by the Landscape study, stood at 20.76%, aligning with the regional median claims ratio for the Asian countries covered in the report.



**Traditional Philippines fishing boats in a fisherman village**  
Source | Shutterstock

# GAP ASSESSMENT AND COUNTRY ROADMAP WITH RECOMMENDATIONS

Considering the perspectives on climate risk, economic and social outlooks, plus the inclusive insurance market, the following summary outlines the identified gaps and potential strategies to increase the uptake of inclusive insurance in the Philippines, as discussed by participants during the IDF-MiN Inclusive Insurance Workshop in August 2023.

Participants of the IDF-MiN Workshop were invited to present inclusive insurance projects underway in the country during a stocktaking exercise, and then joined a design sprint in which they developed three inclusive insurance customer personas (small-scale fisher, smallholder farmer and informal worker). Each group devised a hypothetical insurance product tailored to the unique needs of these personas, and finally collaborated on a gap analysis encompassing offer, demand, distribution, and regulation aspects. The results of these activities will be presented and discussed in this report.

We will also look at the main outputs of the workshop discussions considering the three key target demographics of inclusive insurance in the Philippines: small-scale fishers; smallholder farmers; MSMEs, informal workers and urban poor.

# SMALL-SCALE FISHERS



**A fisherman in Donsol, Sorsogon, Philippines**

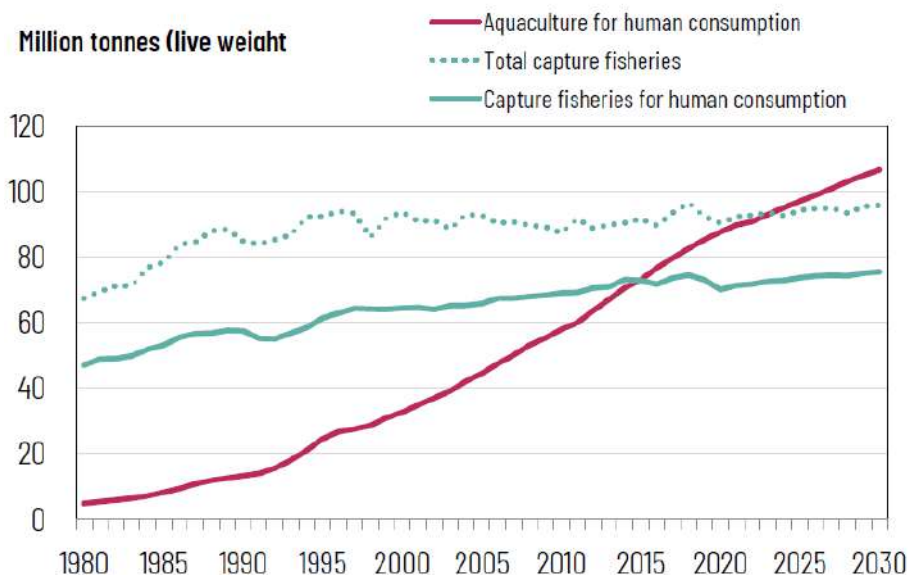
Source | Shutterstock

**Figure 4 | Customer persona: small-scale fisher. Design thinking exercise with participants of the IDF-MiN Workshop: Inclusive Insurance in the Philippines, August 2023.**

<b>Name:</b> Juan dela Cruz Jr.	<b>Age:</b> 54 years old
<b>Education Level:</b> High school	<b>Family:</b> 6 - father, mother, 4 children
<b>Digital literacy:</b> Limited access (community based)	<b>Financial Literacy:</b> Limited Access (community based)
<b>Ambition:</b> business continuity (fishing), higher education for children	<b>Other touchpoints (FMCG, civil societies, church, etc):</b> NGO (Gawad Kalinga) Church groups Cultural Groups
<b>Welfare and insurance coverage or other coping mechanisms:</b> - Livelihood programmes - 4Ps	<b>Risk assessment:</b> - Climate risks (loss of income, asset loss) - Health risks (life and accident) - Environmental risks (oil spill, illegal fishing) - Political risks (dispute, commercial encroachment)
<b>Employment and revenue sources:</b> Fishing for family consumption retail (PHP 3,900 - 5,000 monthly)	<b>Financial Touchpoints:</b> - Cooperatives (membership/group) - Informal loan (loan sharks)
<b>Other relevant aspects:</b> Supplementary income	

The Philippines ranks 11th globally in marine capture fisheries, producing 1.76 million tonnes, and contributing 2.3 million tonnes through aquaculture. According to data from the Global Network for Capacity Building to Increase Access of Small-Scale Fisheries to Financial Services (CAFI SSF Network), global fish production totals approximately 178 million tonnes annually, with capture fisheries contributing 90 million tonnes, and aquaculture 88 million tonnes (FAO 2022). Global per capita fish consumption - which is projected to rise from 20.2 kg to 21.4 kg by 2030 - already stands at 34.27 kg per year in the Philippines as of 2022.

### Global capture fisheries and aquaculture production, 1990-2030



#### Philippines

- Marine Capture Fishery Production – 1.76 million tonnes
- Aquaculture production – 2.3 million tonnes

	2020	2030
World	20.2kg	21.4kg ↑
Africa	9.9kg	9.8kg ↓
S-S Africa	8.6kg	8.4kg ↓

**Filipinos: Per capita fish consumption  
34.27kg/year**

**Figure 5 | Global capture fisheries and aquaculture production, 1990-2030.**

Source | CAFI-SSF presentation at the IDF-MiN Workshop: Inclusive Insurance in the Philippines, August 2023.

Approximately 59 million people are engaged in the primary sector of fisheries and aquaculture sectors worldwide, with small-scale fisheries contributing significantly to this workforce. Overall, 600 million people depend directly, or indirectly, on their livelihood through this sector. Notably, around 50% of the small-scale fisheries sector has a workforce that is mainly dominated by women, who are engaged in post-harvest sector activities.

The total first sale value of production accounts for USD424 billion, of which aquaculture contributes USD 281 billion, while the capture fisheries share is USD143 billion (of which it is estimated small-scale fisheries contribute around USD77 billion).

In the Philippines, fisheries is a major productive sector with more than two million active fisherfolk, of which more than 80 per cent are small-scale fishers, fish farmers, and fish workers. Their contribution to the food security and nutrition of the country is immense, but they often go unnoticed and underappreciated. They are also among the poorest and most socially vulnerable sections of the Philippine population.

Despite their importance, financial inclusion throughout the small-scale fisheries sector faces significant challenges. Large-scale and medium-scale fishing companies often have better access to financial services, while small-scale fisheries are underserved. This neglect of small-scale fisheries is a global issue, including in the Philippines.

Regarding the fisheries and aquaculture insurance market, FAO's World review of capture fisheries and aquaculture insurance 2022<sup>12</sup> – which involved more than 30 countries, including the Philippines – revealed that many insurers were hesitant to share specific data. Nonetheless, the study found that there are significant issues in providing insurance services for fishing vessels. Most small-scale fishers worldwide still do not have access to adequate insurance services that meet their specific needs and conditions.

Similarly, the study revealed large-scale aquaculture producers with well-financed operations are best served by the insurance industry. On the other hand, medium- and small-scale farmers continue to lack coverage, especially in developing countries with limited insurance options and high premium rates. The gap between the supply and demand of aquaculture insurance worldwide is far from being closed. Overall, the provision of aquaculture insurance services is therefore inadequate, particularly in Asia.

In several Asian countries, including the Philippines, aquaculture insurance is encouraged by government support through premium subsidy schemes, favourable legislation, and insurance programmes for small-scale producers. Yet there is a gap that remains unaddressed to serve the insurance service needs of small-scale fish farmers.

To address these challenges, in 2020 the CAFI-SSF Network conducted a short-term project in the Philippines. Supported by FAO and the Asia Pacific Rural and Agricultural Credit Association, the study aimed to better understand the financial needs of small-scale fishers and enhance their access to financial and insurance services. The project conducted stakeholder analysis, baseline surveys, and a Training of Trainers programme, training officers to educate small-scale fishers about financial services.

The project's key findings revealed that access to finance and insurance services is crucial for sustainable fishing operations. However, only 50% of small-scale fishers use financial services, and very few have insurance. Financial institutions struggle to provide credit to small-scale fishers due to the unique characteristics of the sector, including seasonality. Additionally, there is a lack of trained specialists in fisheries finance and insurance within financial institutions. Moreover, financial literacy among small-scale fishers and their organisations needs improvement.

The project recommended several actions to address these challenges. These include developing customer-centric financial products, increasing partnerships between financial institutions and small-scale fishers cooperatives, enhancing financial literacy and business development training for small-scale fishers, and improving digital solutions for financial services. These recommendations align with broader suggestions for improving financial inclusion in small-scale fisheries.



**Fishermen on water**  
Source | Shutterstock

## Risks faced in aquaculture business/small-scale production

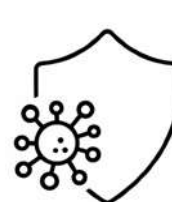
**Natural hazards** – flood, drought, storms, cyclones, hail, strong winds, tidal wave, lightning, fire, explosion, landslides, subsidence, earthquake, tsunami, freezing, frost, **ice burn, excess heat waves**

**Biological hazards** – disease, predation, deoxygenating due to vegetation and microbiological activity, including upwelling

**Chemical hazards** – change in water conditions (pH, salinity, dissolved oxygen) and pollution caused by external factors

**Technical hazards** – structural failure, mechanical breakdown, accidental damage to machinery, electricity breakdown

**Social hazards** – malicious act, thefts



**Figure 6 | Risks faces in aquaculture business/small-scale producers.**

Source | CAFI-SSF Network.

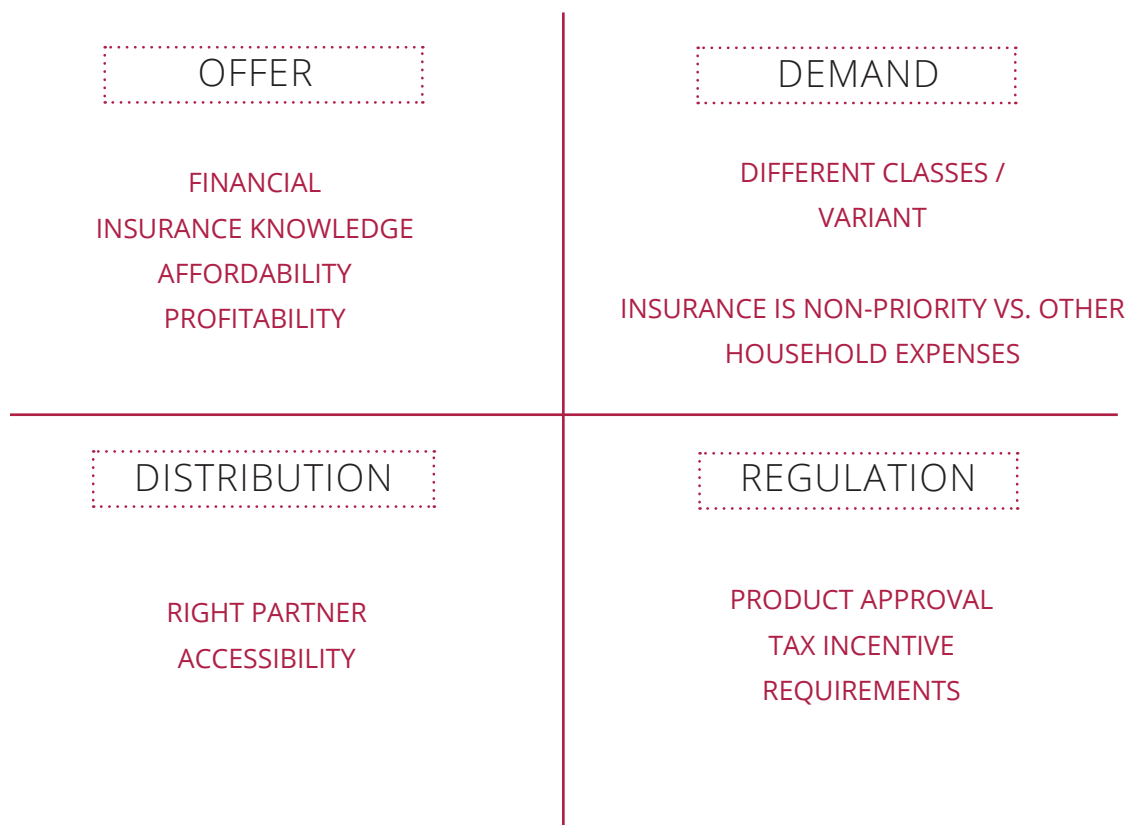
## Particularities of microinsurance products for small-scale fisheries

According to the CAFI-SSF Network, the following particularities should be observed in the design and implementation of microinsurance products for small-scale fisheries:

1. **Shorter Claims Settlement Period:** Microinsurance for small-scale fisheries should have a quicker claims settlement process, ideally within a maximum of two weeks after submitting all necessary documents. This rapid response is distinct from traditional insurance products.
2. **Simplified Policy Contracts:** Recognising that many small-scale fisheries belong to the low-income sector and may struggle with complex legal documents, insurance regulators or commissions should provide straightforward prototype microinsurance contracts that are easy to understand.

3. Streamlined Documentary Requirements: Given that small-scale fisheries often lack the typical documents required by insurance providers, regulators and commissions should permit the use of alternative certificates or documents issued by local authorities.
4. Expanded Distribution Options: To reach small-scale fisheries in remote areas where insurance providers may not have a presence, fishermen cooperatives, Civil Society Organisations, Microfinance Institutions, and input shops should be considered to act as eligible microinsurance agents.
5. Recognition of Informal Insurance Schemes: Acknowledge and formalise existing informal insurance schemes that are prevalent in coastal areas of many countries. This recognition can help enhance insurance coverage for small-scale fisheries.

### Gap analysis: microinsurance offer for small-scale fisheries



**Figure 7 | Gap assessment of inclusive insurance offer for small-scale fishers in the Philippines. Design thinking exercise with participants of the IDF-MiN Workshop: Inclusive Insurance in the Philippines, August 2023.**

## Recommendations

The following recommendations aim to create a more enabling environment for the development and uptake of inclusive insurance focused on small-scale fishers, by addressing both the supply and demand sides of the financial services equation. By customising products, building understanding, and fostering partnerships, the small-scale fisheries' sector can gain improved access to the financial tools necessary for their livelihoods:

- 1. Customised Product Development:** create insurance and credit products tailored to the unique characteristics of small-scale fisheries. These products should consider the seasonality of fishing businesses, allowing for flexible payment structures and coverage. One significant challenge faced by small-scale fishers is the lack of flexibility of insurance premiums and long processing times for claim settlements. Often, the insurance claim settlement process can take several months, which may deter small-scale operators from adopting insurance services.
- 2. Foster Understanding on the Supply Side:** Financial service providers should enhance their understanding of small-scale fisheries by providing training and resources to familiarise themselves with the intricacies and specific needs of the sector.
- 3. Facilitate Partnerships:** Facilitate partnerships between financial institutions and small-scale fishers' organisations or cooperatives to bridge the gap between financial service providers and the small-scale fisheries community, making it easier to offer tailored insurance products.
- 4. Business Development Training:** Offer business development training programmes targeted at small-scale fisheries participants to equip them with essential skills and knowledge to effectively manage their businesses, understand insurance, and assess their financial needs.
- 5. Financial Literacy Training:** Enhance financial literacy among small-scale fisheries participants to empower them to make informed decisions about insurance and credit products, ensuring they meet their specific requirements.
- 6. Information Dissemination:** Intensify efforts to disseminate information about available credit and insurance policies and programmes, ensuring that small-scale fisheries participants are well-informed about the options and benefits.
- 7. Develop Digital Finance Solutions:** Develop and promote digital finance solutions tailored to coastal communities, with a focus on accessibility and user-friendliness to help small-scale fisheries participants manage their financial transactions efficiently.
- 8. Regulatory Improvements:** Reassess product approval requirements and potentially establish sandbox environments to allow for innovative solutions to be tested before scaling up and expedite the product approval process to reduce delays.
- 9. Tax incentives:** Consider the expansion of tax incentives to non-life segments of micro-insurance to increase the penetration of insurance products, potentially reducing costs for beneficiaries and decreasing the reliance on premium subsidies and other forms of support.

# SMALLHOLDER FARMERS

**Farmer showcasing their produce**  
Source | Shutterstock



**Figure 8 | Customer persona: smallholder farmer. Design thinking exercise with participants of the IDF-MiN Workshop: Inclusive Insurance in the Philippines, August 2023.**

<b>Name:</b> Juan dela Cruz	<b>Age:</b> 30 years old
<b>Education Level:</b> Secondary	<b>Family:</b> 5 members
<b>Ambition:</b> 1. Children’s education 2. Land ownership 3. Sustainable income	<b>Employment and revenue sources:</b> Farming of livestock
<b>Digital literacy:</b> Basic (e-wallet)	<b>Financial Literacy:</b> Basic
<b>Welfare and insurance coverage or other coping mechanisms:</b> 1. 4Ps beneficiary 2. LGU and GOCC 3. Philhealth (indigent) 4. BRGY Health Centers Cooperative loans	<b>Financial Touchpoints:</b> 1. Cooperatives 2. MBA, MFI 3. Landbank subsidies 4. Trader middleman
<b>Other touchpoints (FMCG, civil societies, church, etc):</b> 1. LGU 2. NGO (domestic/international) 3. Corporation’s CSR	<b>Risk assessment:</b> 1. Health risk 2. Loss of income due to: death/disability, nat cat events and pestilence 3. Insurgency

More than half (52%) of the Filipino population reside in rural areas; this is a cause for concern considering agriculture activity in the country faces substantial losses due to natural disasters. Data from the Philippine Office of Civil Defence reveals that between 2012 and 2021, 56.7% of total losses caused by natural disasters, amounting to approximately USD 6.1 billion, were attributed to agricultural damage. Despite this vulnerability, insurance coverage among farmers remains low, ranging from 17% to 31% between 2017 and 2019.

To address this insurance gap, the Philippine insurance industry has taken steps to improve protection for farmers. Since 2014, the World Bank Group's GIIF has been collaborating with CARD Pioneer Microinsurance Inc., and the Center for Agriculture and Rural Development Inc., to create the country's first private-sector led crop insurance product. Called Binhi ("seed"), this product is designed for insuring CARD Inc.'s agricultural loan portfolio, and provides advisory services for indemnity insurance products covering losses incurred by CARD's agricultural borrowers. The portfolio was launched in 2016, with a long-term goal of insuring 200,000 farmers. It benefitted from the support of IFC actuarial experts who analysed historical agricultural damage and weather data, and then developed a risk-pricing system that would ultimately allow CPMI to strategically manage its typhoon risks and set a sustainable price for its customers.

In 2022, a co-insurance agreement on agriculture insurance was established between the Philippine Crop Insurance Corporation (PCIC) and CARD Pioneer Microinsurance (CPMI). This landmark agreement, supported by the Asian Development Bank, marked the first public-private partnership in agriculture insurance. Under the co-insurance agreement, CPMI and PCIC share the underwritten risks for each insurance policy at a 70:30 ratio, with CPMI taking the lead and PCIC serving as the co-insurer. Additionally, CPMI uses its distribution network to offer PCIC's agriculture insurance products to farmers. Moreover, PCIC provides capacity-building support to CPMI in areas such as underwriting, policy administration, actuarial matters, and claims management. Meanwhile, CPMI works to increase the penetration of agricultural insurance by focusing on high-value crops in regions where PCIC's coverage is limited.

The private sector has also worked independently on products to safeguard smallholder farmers from weather risks. CLIMBS, a cooperative insurer, partnered with Ibisa and international organisations ICMIF, Global Parametrics, Alliance Bioversity International, CIAT, and the InsuResilience Solutions Fund to launch "Weather Protect Insurance." This parametric insurance product provides protection and added benefits to cooperative members, focusing on smart agricultural practices. The policy covers various weather parameters, such as heavy rainfall and wind speed, with multiple trigger levels for payouts. Cooperatives can enrol during specific periods, allowing them to gain access to a dashboard for monitoring their portfolio, payouts, and receiving smart farming advice. The project prioritises simplicity, efficiency, and cooperative-level coverage.

Value-added benefits of the Weather Protect Insurance product include smart farming advice, livelihood mapping, crop calendars, and seasonal agriculture guidance. The project conducts roadshows and community engagements to educate cooperatives about parametric insurance, offering free training on climate risks, pests, and diseases. Payouts have already been distributed to cooperatives in response to triggered weather events.

Through the Insured and Rural Agro enterprise Partnerships for Inclusive Development and Growth (RAPID Growth) Programmes, the International Fund for Agricultural Development (IFAD) has established a strategic partnership with the PCIC to assess the adequacy of existing agricultural insurance products and explore avenues for their improvement to better cater to the unique needs of Filipino farmers. IFAD played a pivotal role in conducting feasibility assessments, thereby laying the groundwork for the development and enhancement of crop insurance offerings in the country.

IFAD's project focused on creating favourable conditions for the growth of MSMEs and boosting commodity volumes within the trade and industry sector. The study examined the feasibility of improving agricultural insurance solutions for specific value chains in pre-determined areas with the primary goal of assessing the adequacy of existing agricultural insurance solutions for the benefit of cacao and coconut producers. The collaboration with the PCIC was instrumental in gathering economic and field information for the study.

The study yielded several key findings, notably related to risk exposure. Excess rainfall and working stress were identified as major risks for cocoa, while coconut faced high moisture and high-temperature risks. These risks had significant potential for insurance solutions, but their complexity varied with the crops' life cycle stages and location. Climate and price risks, along with variability, were concerns voiced by focus group discussions with producers. The study revealed low adoption rates of available PCIC products, coupled with challenges in claims processing speed and coverage adequacy compared to alternative risk management strategies. As a result, the study proposed various insurance product prototypes, emphasising the need for tailored solutions addressing specific risks at the farm level. Furthermore, it stressed the importance of simplifying insurance processes, building partnerships with relevant government agencies and finance institutions, and promoting digitalisation to enhance the overall customer experience.

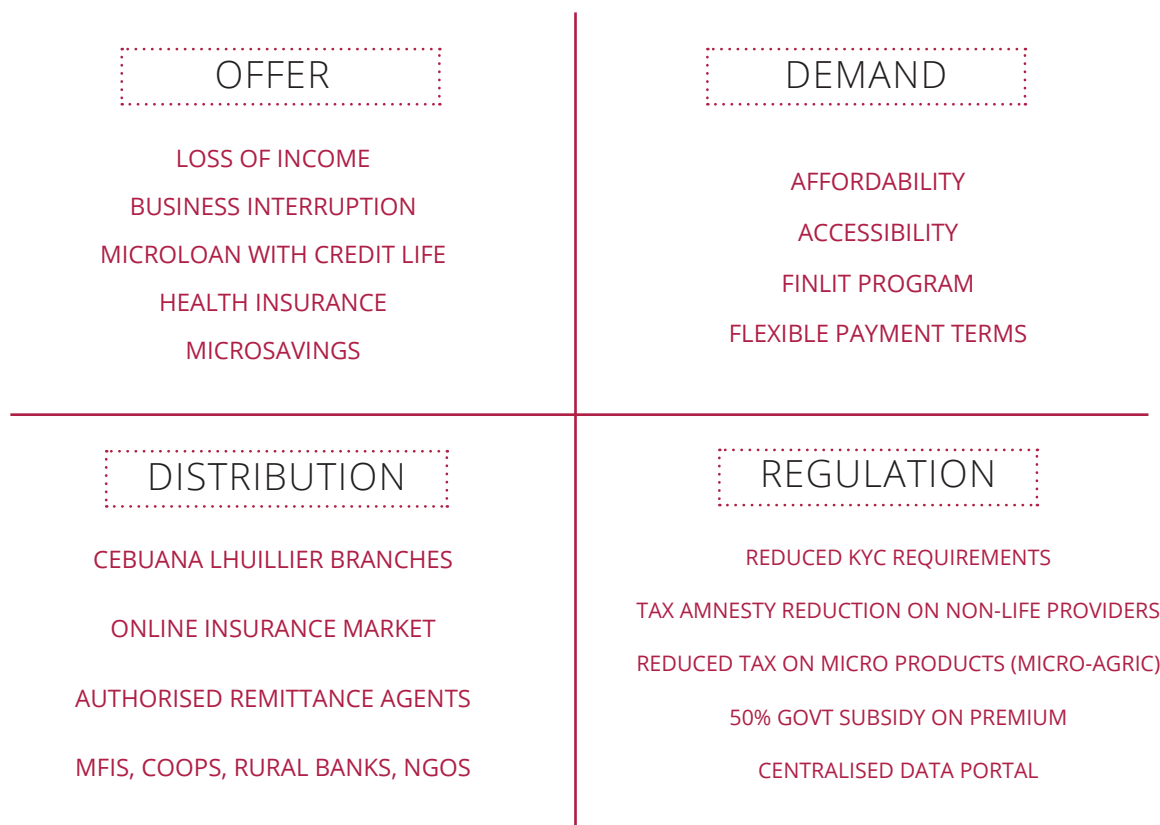
**A farmer harvests potatoes in Benguet, Philippines**

Source | Shutterstock



In conclusion, the study highlighted that insurance alone is insufficient for addressing the multifaceted challenges faced by the target groups. A holistic approach to risk management, combining insurance with other financial services, is essential. It also emphasised the need for further research and analysis to validate findings in different regions. Leveraging previous experiences in designing insurance products, rigorous climate data analysis, and considering the financial status of the target groups were recommended for successful implementation. The study also underscored the importance of a comprehensive risk management strategy to make insurance more valuable and affordable for these communities.

### Gap analysis: microinsurance offer for smallholder farmers



**Figure 9 | Gap assessment of inclusive insurance offer for smallholder farmers in the Philippines. Design thinking exercise with participants of the IDF-MiN Workshop: Inclusive Insurance in the Philippines, August/23.**

## Recommendations

Based on the findings and conclusions of agricultural insurance projects previously developed or under development, in the Philippines, as well as in the inputs collected from participants at the IDF-MiN Workshop, the following list of recommendations is suggested to address the existing gaps in the offer of inclusive insurance to smallholder farmers in the country:

1. Diversify risk management tools: recognise that insurance alone is not sufficient for allowing smallholder farmers to effectively manage their risks. Insurance should be combined with other financial services and climate-smart agriculture practices to provide comprehensive risk management tools for Filipino farmers.
2. Collaborate with IFAD through the RAPID Growth Programme and the ILO on technical capacity: work closely with organisations like IFAD and the ILO to address market access, price risks, governance and technical issues, ensuring a holistic approach to supporting agricultural producers.
3. Enhance support and education: provide additional support to improve understanding of insurance processes among farmers and streamline administrative procedures to make them more user-friendly.
4. Maximise Public-Private Partnerships: PCIC and private insurers should collaborate extensively to market agricultural insurance effectively. This collaboration can extend to supporting climate-smart agriculture practices and facilitating financial linkages.
5. Engage key stakeholders: Involve organisations such as the Department of Agriculture and other authorities in the agricultural sector, as well as private value chain stakeholders, to strengthen support for agricultural insurance initiatives.
6. Expand research and analysis: building upon feasibility studies such as the one conducted by IFAD, which was focused on a limited number of provinces, invest in further research and analysis, particularly in the northern and western regions of the Philippines, to ensure that findings are applicable and relevant nationwide.
7. Invest in product development: recognise that developing new insurance products and processes takes time. Invest in research, development, and testing, with a focus on leveraging previous designs where possible, such as for typhoon insurance.
8. Rigorous climate data analysis: Prioritise in-depth climate data analysis to choose appropriate triggers and index variables tailored to the unique risks of each region.
9. Address low yields and price risks: implement technical and organisational changes with the support of specialised international agencies that offer technical collaboration, to address low agricultural yields, current profit margins, and price risks, ensuring that insurance becomes valuable and affordable for producers, even with potential government or international subsidies.

# MSMEs, informal workers and urban poor



Oslob central covered market, Cebu, Philippines  
Source | Shutterstock

**Figure 10 | Customer persona: Informal worker. Design thinking exercise with participants of the IDF-MiN Workshop: Inclusive Insurance in the Philippines, August 2023.**

<b>Name:</b> Marites Solis (married to Tolits)	<b>Age:</b> 40 years old
<b>Education Level:</b> high school undergraduate	<b>Family:</b> 4 children, husband (construction worker, pedicab driver)
<b>Ambition:</b> To send children to school to become an Overseas Filipino Worker some-day	<b>Employment and revenue sources:</b> ambulant vendor, selling
<b>Digital literacy:</b> cellphone (text, call), mobile wallet, social media	<b>Financial Literacy:</b> Knows value of savings but with limited funds, borrows for daily stocks to sell, understands the need for emergency fund
<b>Other relevant aspects:</b> Renter in an informal settlement, extended family, no steady source of income, migrants from provinces, lack of family planning knowledge	<b>Welfare and insurance coverage or other coping mechanisms:</b> No insurance cover, 4Ps recipient, relatives
<b>Financial Touchpoints:</b> Mobile wallets, loan sharks, ATM (Govt bank)	<b>Risk assessment:</b> Extreme weather exposure, loss of income / source of goods, illness (self and family members), damage to dwelling, loan default / increased debt, eviction or demolition of dwelling, cyber threats affecting mobile wallets, social media accounts
<b>Other touchpoints (FMCG, civil societies, church, etc):</b> Member of local barangay, local parish, barangay health centres	

There are more than one million business enterprises in the Philippines, of which 99.5% are classified as MSMEs. In addition, the informal economy comprises self-reliant, self-employed individuals engaged in small-scale production and distribution of various goods and services. Typically, workers in this sector operate without the coverage of the nation's labour laws and regulations.

According to the Quarterly Informal Economy Survey (QIES) conducted by World Economics, the informal economy in the Philippines is estimated to account for 34.1% of the total economy. This statistic indicates that nearly two out of every five workers are less likely to have formal employment arrangements and access to social protection, leaving them more vulnerable during times of crises or shocks.

Due to the particular nature of their operations, MSMEs and informal workers face significant challenges in accessing traditional forms of financing and insurance. Many therefore rely on the offer of inclusive products provided through MFIs and Cooperatives.

The ILO has played a significant role in supporting the work of this segment in the Philippines. The organisation's involvement with the local market dates to a collaboration with the PCIC in 2010, and it has evolved to encompass market development and capacity-building efforts in partnership with the IIAP. The initiatives have extended to engagement with cooperatives and microfinance institutions, resulting in the integration of insurance components into credit offerings with Kabalikat para sa Maunlad na Buhay, Inc (KMBI), a microfinance NGO offering group and individual loans, insurance, capital build-up (savings) and business development services to more than 150,000 clients. Their pioneering projects, including a weather protection product, have contributed to enhancing the resilience of cooperative members. Moreover, the ILO is actively engaged in assessing the shock responsiveness of the Philippines' social protection system to leverage insurance in synergy with government initiatives, aiming to strengthen preparedness and rapid recovery mechanisms. Their data-driven approach and collaborations within the insurance industry underscore their dedication to advancing inclusive insurance solutions in the country.

The Philippines boasts some of the most successful cases of microinsurance for MSMEs, informal workers and urban poor in the world. One of the market leaders, Pioneer, has developed an MSME-focused product called NegoSure, that focuses particularly on mom-and-pop stores. The product has two combinations of premium and benefits that encompass reconstruction due to fire and personal accident insurance. The enrollment and premiums collected varied from year to year, with the highest enrollments happening in 2015 and 2016 when the company adopted one-on-one selling. However, reaching MSMEs, who are largely unorganised and lack data, posed significant challenges.

In response to the COVID-19 pandemic in 2020, Pioneer launched "ProteKita," which was designed to address business interruption. It included personal accident and fire benefits, along with business interruption coverage. Notably, the waiting period for business interruption claims was only 24 hours, making it accessible for micro-enterprises. As of June 2023, the product had 1,388 enrolments.

According to Pioneer, the primary challenge in serving MSMEs lies in obtaining accurate data due to their unregistered nature. The lack of data hampers efforts to offer tailored insurance solutions. Data sharing among financial service providers could, however, be facilitated through an open finance strategy implemented through a regulatory framework, which refers to the access and reuse of customer data, with consent, across a range of financial services.

Another market leader in the microinsurance segment in the Philippines, Ben Life, provides coverages that are designed with the needs of vulnerable populations at its core. “Life Shield”, for example, is a single-pay micro personal accident insurance plan tailored for individuals between the ages of 10 and 57. The key feature of this product is that it provides coverage for accidental death and dismemberment. In addition to these core benefits, Life Shield also includes a physical examination requirement as part of the coverage. The physical examination comprises various medical tests, including chest X-rays, complete blood counts, catalysis, and micro-urinalysis, ensuring a comprehensive health assessment for policyholders. Notably, Life Shield is not subject to taxation, making it an attractive and affordable insurance option for Filipinos. This product aims to offer peace of mind and financial protection to policyholders and their families in the event of accidental injuries or dismemberment.

“Consulta MD” is another microinsurance product offered by Ben Life, and is focused on providing access to telemedicine services. In the context of the new normal, Consulta MD has become increasingly relevant. It allows policyholders to access medical services 24/7 through telephone or online channels, ensuring convenient and timely healthcare assistance. Beyond basic medical consultations, Consulta MD offers additional benefits, such as discounts on diagnostics, access to drug stores, clinics, ambulance services, and even life insurance coverage. This product aims to address the evolving healthcare needs of Filipinos by providing quick and accessible medical support and resources. Consulta MD’s partnership with healthcare service providers enhances its value proposition, making it a valuable tool for policyholders seeking efficient and cost-effective healthcare solutions.



Tropical fruit for sale at a Filipino public market, Cebu, Philippines  
Source | Shutterstock

As it has been highlighted, one of the major challenges associated with expanding the reach of inclusive insurance products to MSMEs, informal workers and the urban poor, is the cost of reaching these customers and the lack of data to precify their risks. A potential solution raised by market players in the Philippines is to leverage the power of technology to streamline processes, reduce costs, and reach previously inaccessible markets. Technologies including artificial intelligence, big data analytics, mobile applications, and blockchain could further drive customisation, efficiency, and customer engagement in the insurance industry. However, the Philippines still lacks a solid regulatory framework to govern insurtech operations. This gap led to the creation of a Technical Working Group on Insurtech Regulatory Framework with different market players within the Insurance Commission, which is currently working on a draft regulation.

According to the Technical Working Group, a robust regulatory framework for insurtechs is essential for various reasons, including promoting innovation by providing clear guidelines that encourage companies to innovate and utilise high mobile penetration in the Philippines to reach the unbanked and uninsured. Additionally, regulations ensure consumer protection by setting standards that safeguard consumer rights and privacy, thereby building trust among users. These regulations also facilitate partnerships between traditional insurers and insurtech startups, fostering the creation of unique offerings for diverse sectors.

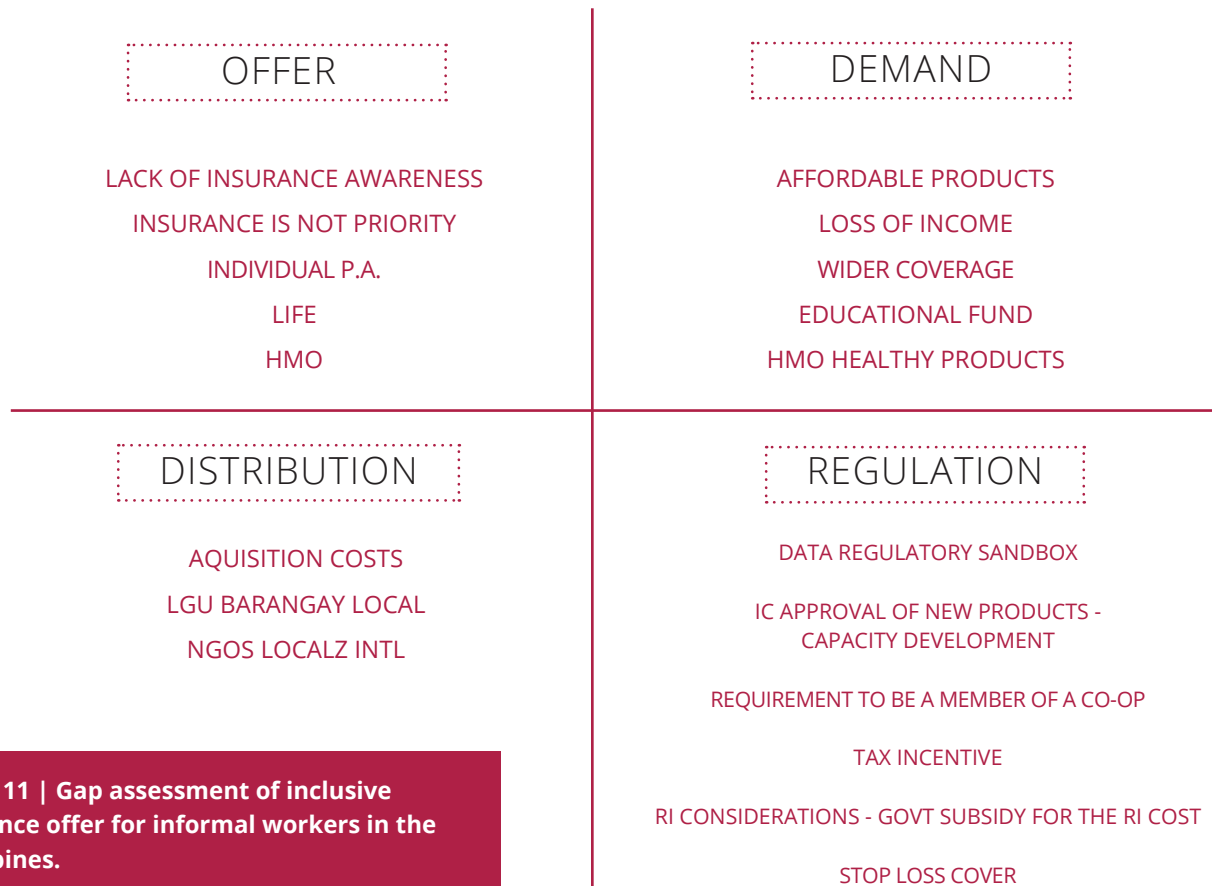
Moreover, specific guidelines can promote microinsurance products targeting low-income individuals through digital platforms, while ensuring data security standards for responsible personal information handling. Furthermore, the provision of a regulatory sandbox allows companies to test and refine their products in controlled conditions, adapting them to the Philippine market's specific demands. Lastly, cross-sector collaboration encouraged by regulations can result in innovative products through cooperation among financial institutions, data communication companies, and insurers.

Cagayan de Oro, Northern Mindanao,  
Philippines

Source | Shutterstock



## Gap analysis: informal workers



**Figure 11 | Gap assessment of inclusive insurance offer for informal workers in the Philippines.**

## Recommendations

Based on the findings and conclusions of insurance projects previously developed or being developed in the Philippines, as well as in the inputs collected from participants at the IDF-MiN Workshop, the following list of recommendations is suggested to address the existing gaps in the offer of inclusive insurance to MSMEs, informal workers and urban poor in the country:

### 1 Enhance Data Collection and Sharing:

- Establish efficient mechanisms for gathering accurate data on MSMEs and informal workers.
- Promote active data sharing among financial service providers potentially through the establishment of an Open Finance framework.
- Develop and enforce a clear regulatory framework to govern responsible data sharing practices.

### 2 Harness Technological Advancements:

- Embrace cutting-edge technologies such as AI, big data analytics, mobile applications, and blockchain, and incorporate them into the regulatory framework of insurtechs.
- Deploy technology to streamline insurance processes, reduce operational costs, and expand reach to underserved markets effectively.

### 3 Prioritise Consumer Protection:

- Institute robust regulations that prioritise and safeguard consumer rights and privacy.
- Mandate strict compliance with data protection standards and consumer-centric practices within insurance and insurtech companies.
- Cultivate user trust by proactively safeguarding their data and interests.

### 4 Facilitate Strategic Partnerships between insurers and insurtechs:

- Foster collaborative initiatives between traditional insurers and dynamic insurtech startups.
- Encourage the joint development of tailor-made insurance solutions for various sectors, with a focus on serving vulnerable populations.

### 5 Promote Microinsurance Inclusivity:

- Formulate specific guidelines that actively promote microinsurance products designed for MSMEs, informal workers and urban poor.
- Expand the accessibility of microinsurance through user-friendly digital distribution platforms to reach a broader audience.

### 6 Enforce Data Security Standards:

- Implement stringent data security standards as an integral part of the regulatory framework.
- Ensure the responsible handling of personal information to enhance the attractiveness of digital insurance products.

### 7 Establish a Regulatory Sandbox:


- Create a controlled regulatory sandbox environment for rigorously testing and refining insurance products.
- Adapt insurance offerings to meet the unique demands of the Philippine market within this controlled framework.

### 8 Encourage Cross-Sector Collaboration:

- Actively promote and facilitate collaboration among financial institutions, data communication companies, insurers, and other key stakeholders.
- Foster a culture of innovation in insurance products by encouraging cross-sector partnerships and knowledge sharing.

## CROSS-CUTTING TOPIC: ACCESS TO REINSURANCE

At the IDF-MiN workshop, the access to the international reinsurance market was singled out by local market representatives as a major obstacle to the sustainability of the inclusive insurance segment. To address this challenge, participants proposed creating a dedicated workstream with representatives from inclusive insurance companies (possibly through market associations) and local reinsurance companies. Their objective would be to pinpoint and tackle the main barriers hindering better reinsurance coverage for inclusive insurance products in the Philippines. This effort should consider factors such as data availability, current risk mitigation strategies, and alternative approaches. Another potential avenue to be explored is engaging the IDF's Risk Modelling Steering Group to tap into the open resources that are available to leverage market capabilities.



A local vendor inside her store,  
Sagbayan, Bohol, Philippines  
Source | Shutterstock

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**Cebu City, Cebu, with Maktan Island  
in the distance, Philippines**

Source | Shutterstock



[www.insdevforum.org](http://www.insdevforum.org)  
[www.microinsurancenetwork.org](http://www.microinsurancenetwork.org)