

INNOVATION SHEET

MiCRO, innovation at work to expand traditional insurability boundaries



Microinsurance Catastrophe
Risk Organisation

MiCRO is a reinsurance company that specializes in sustainably providing natural catastrophe protection for the vulnerable and low-income segments of the population by applying cutting edge technology to expand traditional insurability boundaries and unlock new possibilities for distribution and payouts. MiCRO has developed an innovative and holistic risk management set of strategies against natural disasters, based on a risk transfer solution and a value-added program that makes the solution appealing, affordable, sustainable and profitable.

What makes MiCRO so “special”?

- **MiCRO** is a fully focused “micro-reinsurer”
- **MiCRO** fills the gaps between global and local markets
- **MiCRO** offers solutions for a broad target market, not limited agro clients
- **MiCRO** applies cutting-edge technology to expand insurability boundaries
- **MiCRO** developed its own calculation platform (**MiCAPP**)



1. How does MiCRO make it happen?

MiCRO has developed an innovative and holistic risk management set of strategies against natural disasters, based on a risk transfer solution and a value-added program that makes the solution:

- **Appealing:** through coverage for relevant perils, tailored payouts, value-added services and financial education
- **Affordable:** through an index-based system using remote sensing and a proprietary IT Platform (MiCAPP)
- **Profitable:** through scalable channels and insurable interest, in addition to strategic distribution and product bundling



2. How does MiCRO's 'innovative' product look like?

Esfuerzo Seguro, the first natural catastrophe index insurance product in Central America covering business interruption, was officially launched in November 2016. It covers the **clients' business interruption** caused by **drought, excess rain and earthquake**. *Esfuerzo Seguro* is currently being offered by Aseguradora Rural to clients of Banrural in Guatemala. For more information on *Esfuerzo Seguro* watch this [video](#) (▶).

In addition to the index insurance, clients receive **information and incentives** to help them adopt measures that reduce **risk and strengthen resilience against natural disasters**. This is possible with the support of several organizations, especially the *Coordinadora Nacional para la Reducción de Desastres de Guatemala* (CONRED), with whom **MiCRO** partners to promote resilience to natural hazards in the country.

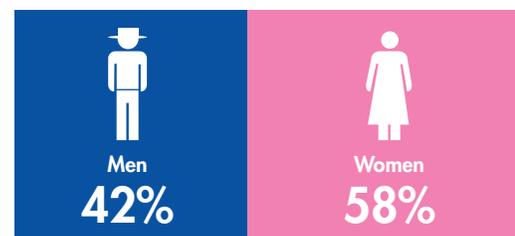
Esfuerzo Seguro was designed and implemented in the context of the *Central American Disaster Microinsurance Expansion (CADME)*, a program executed by **MiCRO** with the support of the *Swiss Development Agency (SDC)*, the *Multilateral Investment Fund (MIF)* managed by the *Inter-American Development Bank (IADB)*, the *Australian Aid, Swiss Re, Mercy Corps*, and *KfW* through its *Climate Adaptation Platform (CAP)*, a truly public-private partnership.

After a 12-month pilot, clients already had a first experience with their insurance product. Although it was designed to protect clients against severe natural hazards, it also makes rather small payouts for moderate events. As such, almost 50% of the total clients have already received at least one payout, due to events triggered by drought and excess rain. Most of *Esfuerzo Seguro* clientes are women and small holder farmers.

Clients by credit line



Clients by gender



3. How does MiCAPP work? How do partners and clients know when a covered event occurred?

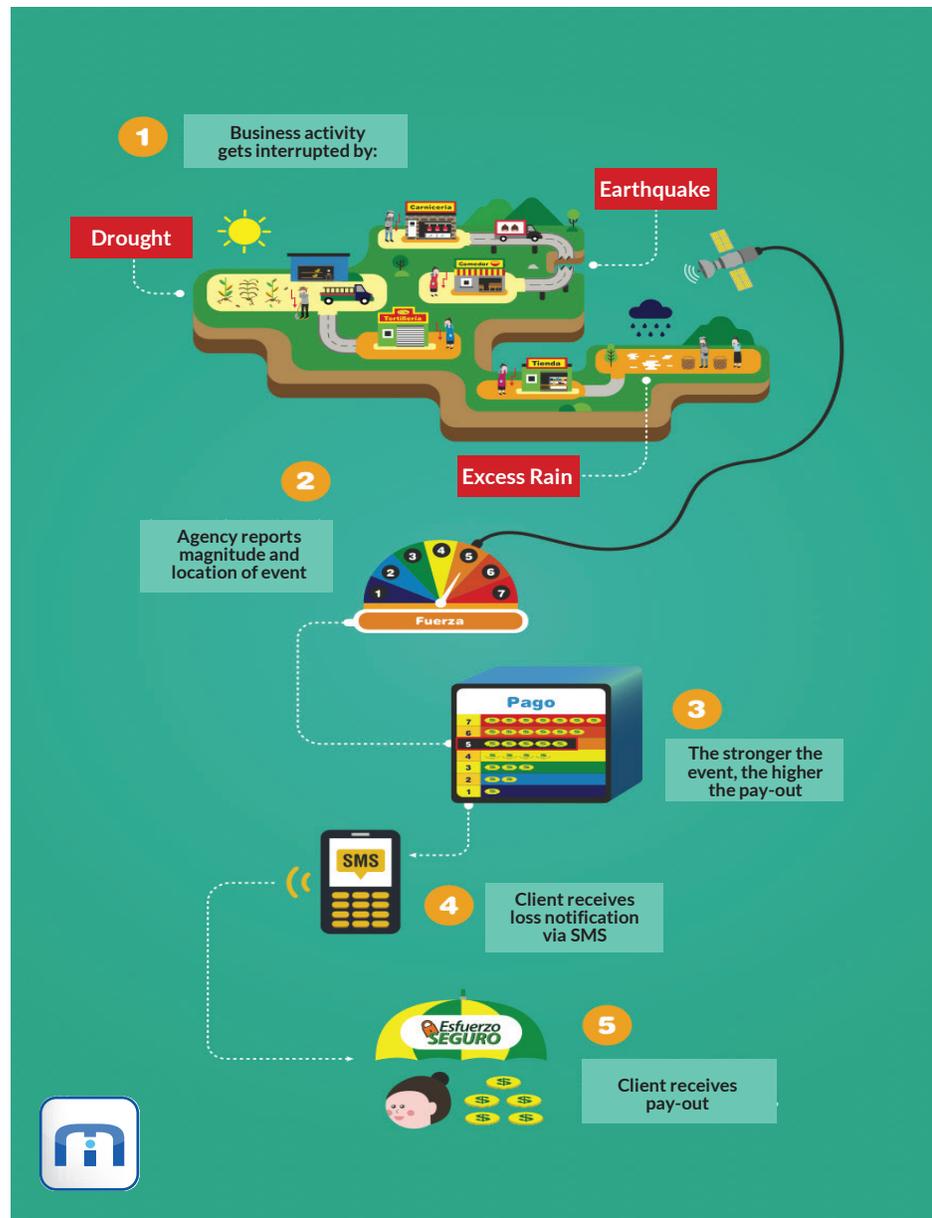
MICAPP

Loss Process

MiCRO's calculation platform ("MiCAPP") continuously monitors and extracts data from predetermined scientific sources (e.g. NASA, USGS), unpacks the scientific data files and calculates them using complex algorithms to match the readings against predetermined levels, and issues a loss report when a triggering event is detected, which is accepted by all stakeholders as the undisputable base for payouts.

This loss report is then matched by the insurance company with the local specific client's data in the affected location(s), which determines the individual and total loss amounts for the event.

MiCAPP's processes are done automatically, with no human hand involved. It is an independent software platform that can also be accessed via a web-graphic interface to download all the reports generated in each policy period duration. MiCRO has registered MiCAPP in Guatemala with the Intellectual Property authorities and provides access to it to all involved stakeholders.



Additionally, by providing direct technical assistance and product development to a wide range of partners, MiCRO is building and developing local capacity at different levels, a key element that will enable the offer of different index-insurance products in the market over time, and allow consumers to choose the products that fit the most to their needs and particularities.

4. What comes next for MiCAPP?

By being a proprietary software platform, **MiCAPP** offers constant scalability by the way its architecture is designed, allowing **MiCRO** to adjust the calculations procedures based in third party inputs to make the readings more accurate at the level of calculating each productive location using georeferenced technologies.

MiCAPP's team is constantly searching for new technologies to improve performance, transparency, accuracy and costs. One of these projects is to implement blockchain technology within **MiCAPP** to improve transparency and traceability for the entire claims processes, and therefore open unlimited integration possibilities to improve operation, regulatory and client experience. **MiCRO** is currently looking for partners interested to participate in the expansion projects for **MiCAPP**.



Blockchain-enabled **MiCAPP** automates claims from event detection to determining list of payments due

Potential for new partnerships

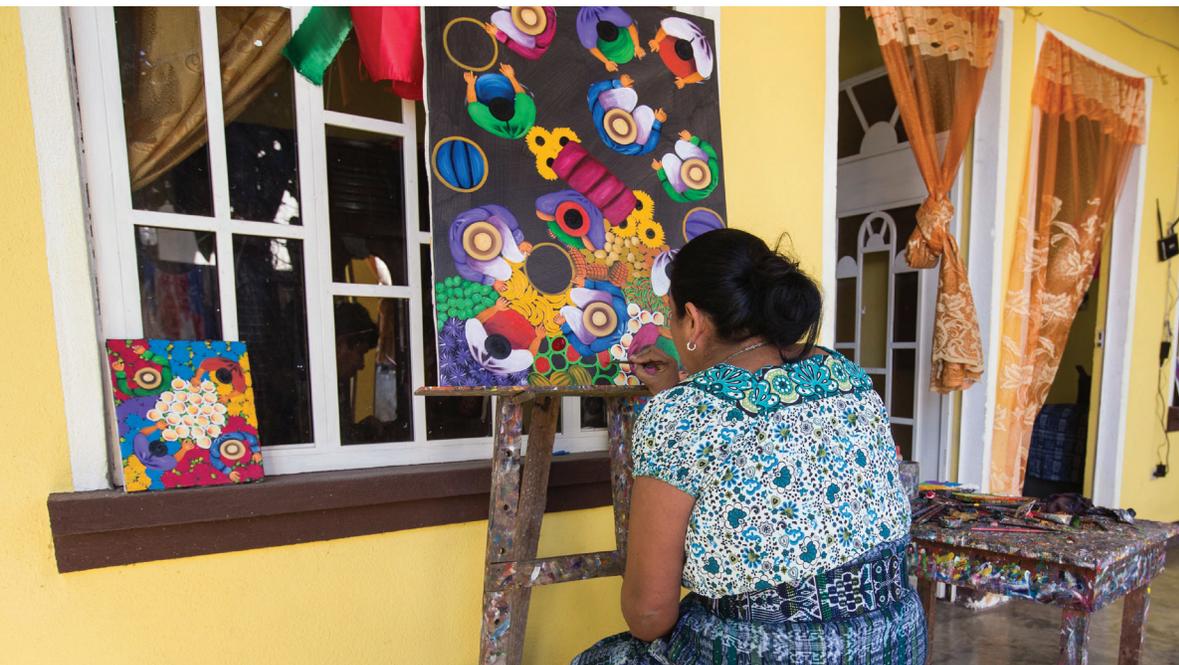
- Instantaneous payouts through payments providers also utilising blockchain technology. Eg. mobile wallets
- Potential partnerships in FinTech sector with others using blockchain (eg. remittance providers)

Automate other product processes

- Other processes, like enrollment, are also 100% automated and blockchain validated

Automate institutional processes

- MiCRO** reinsurance processes utilising blockchain – a fully “Digital Reinsurer”



Visit our website (www.microrisk.org) and social networks to keep informed of news on how **MiCRO** will unlock new possibilities for distribution and payouts using technology!



Partners:

