

Significant Livestock Insurance Payouts for Kenya's North

Drought conditions in Northern Kenya triggered significant payouts to more than 10,000 herders across six counties covered by KLIP. Of the 70 sub-counties covered, as many as 62 have triggered a payout of which 16 sub-counties have triggered a payout of the full Short Rain Season policy limit.

Zurich, February 2017 The Kenya Livestock Insurance Program (KLIP) was introduced in 2015 by the Kenyan State Department of Livestock of the Ministry of Agriculture, Livestock and Fisheries (SDL-MALF) to mitigate the adverse impact of drought to herders in Northern Kenya. The scheme that initially covered only two counties was extended in autumn 2016 to cover herder families in a total of six counties. There are plans to further extend the regional scope over time to cover as many as 14 counties.

The severe drought conditions in large parts of Northern Kenya during the Short Rain Short Dry (SRSD) period from October to December 2016 triggered insurance payouts in all six counties. The KLIP scheme uses aggregated Normalized Difference Vegetation Index (NDVI) values on a sub-county level as a proxy for biomass availability. The risk period is set so, that in case of mid-season vegetation deficit, farmers receive a payout to fund forage to feed the animals for the rest of the season. Of the total 70 sub-counties in the six counties, 62 sub-counties have triggered a payout. In six of the sub-counties that have triggered an insurance payout, the drought conditions were so severe, that the full Short Rain policy limit was reached. These payouts will support the herders in feeding more than 50,000 animals, mainly camels, cows, and goats.

On behalf of the consortium of insurers, Ashok Shah, Group CEO of APA Apollo says: "It's important to make payments quickly and efficiently and before conditions deteriorate further, because we want these livestock-dependent communities to see index insurance as something they can trust to sustain their way of life. Now, it's critical that other players in the market also move quickly to supply pastoralists with livestock feed, water and veterinary medicines they can now afford."

Mark Rüegg, CEO of CelsiusPro states: We are glad to see that this well-structured scheme demonstrates again the effectiveness of index insurance schemes and that herders suffering from drought conditions receive an insurance payout to ease the pressure caused by the drought.

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About CelsiusPro:

CelsiusPro is a Swiss company specialized in providing technology to structure and administer parametric solutions to mitigate the financial impact of adverse weather, climate change and natural catastrophes.



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