

# SOCIAL IMPACTS OF ALTERNATIVE INSURANCE APPROACHES

Community responses to the “insurance gap”

Dr. Caroline E. Schuster, Associate Professor of Anthropology,  
College of Arts and Social Sciences



Australian  
National  
University

# 01

# INCLUSIVE INSURANCE: STATE OF PLAY

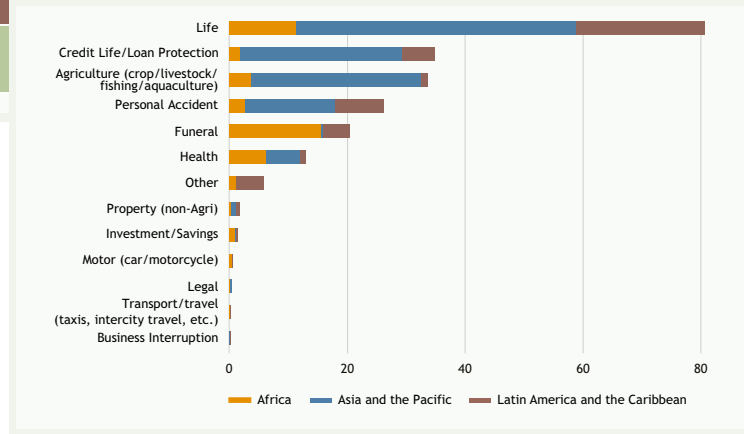




ESTIMATED PROPORTION OF THE POPULATION AND MARKET CAPTURED IN THE COUNTRIES STUDIED IN EACH REGION

REGION	Number of people reached by microinsurance	Share of the target population covered	Weighted average premium per person covered	Estimated value of the microinsurance market in target countries (USD)	Proportion of the estimated microinsurance market value captured
Focus countries in Africa	Up to 44.1 million	Up to 9.4%	28	6.9 billion	6%
Focus countries in Asia and the Pacific	Up to 238 million	Up to 11.9%	13	25.1 billion	21%
Focus countries in Latin America and the Caribbean	Up to 48.4 million	Up to 11.9%	25	9.3 billion	8%
Focus countries in all regions	Up to 330 million	Up to 11.5%	17	41.4 billion	15%

FIGURE 2  
PEOPLE COVERED BY PRODUCT LINE (MILLIONS)

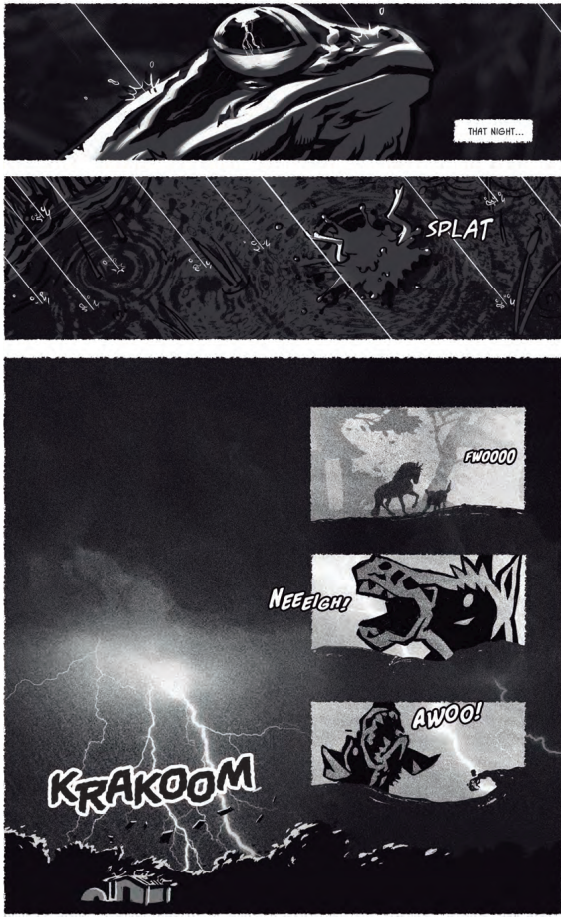


- Central role of credit-linked life insurance
- Agricultural insurance frequently benefit from government subsidies which contribute to those premium levels



# 02 ALTERNATIVE APPROACHES: PARAMETRIC INSURANCE





## Threat of climate change to food systems – promotion of weather-indexed policies for agricultural insurance

### Growth in marketing of IBAI

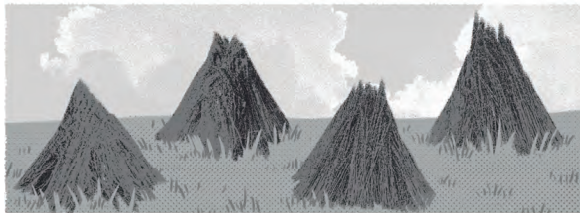
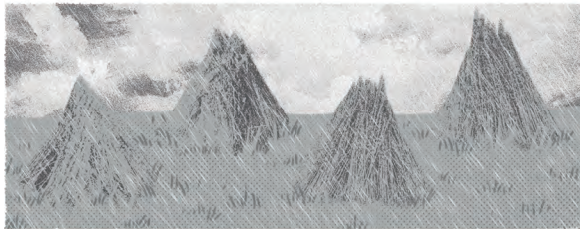
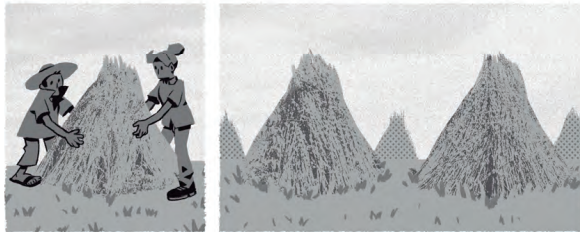


Some evidence of improving adaptive capacity and decreasing negative coping strategies like forced sale of assets and reduced food consumption



Risks: farmer benefits are only minor; can exacerbate socioeconomic inequalities, degrade 'natural insurance' in agroecosystems





Page from Forecasts (Schuster 2023): <https://utorontopress.com/9781487542238/forecasts/>

## Can we think about community insurance needs more holistically?

Weather-indexed insurance can paradoxically lock in unsustainable land use policies

- Erode biodiversity
- Lock in unsustainable land use
- Increase dependence on agrochemicals & commercial seed varieties
- Devaluing of traditional environmental stewardship practices.

*Need to re-embed insurance – as a social value, not just a financial instrument – in its social context*

Technical solutions are only part of the puzzle. We need social solutions too.





# Unintended social consequences of tech-driven solutions

*Harvesting sesame in San Pedro, Paraguay 2019*



Innovative cost-savings solutions ... but does it work for rural economies?

Parametric insurance was developed because sesame yield is particularly sensitive to hydrological stress at specific growth phases.



The availability of the policy locked farmers into growing this specific crop and financing it through the local agricultural cooperative that bundles it with farm credit.



Result: farms exposed to significant fluctuations in global commodity prices (purely an export crop) because they are locked into planting sesame



# 03

# INFORMAL INSURANCE ALTERNATIVES?





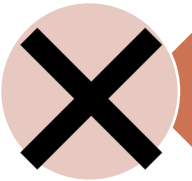
# Self-insurance, household resource pooling and other informal insurance alternatives are relatively invisible in discussions of the protection gap.



These include savings, pensions, remittances, informal loans from family members, or other kin and household-based collective investments (see Bähre 2020a, Cajilig 2022, Johnson et al 2023, Pairama et al 2018, Le Dé et al 2015).



Faith-based communities play an increasingly important role in disaster recovery, particularly for Pasifika communities (Cox et al 2020, Ngin 2020).

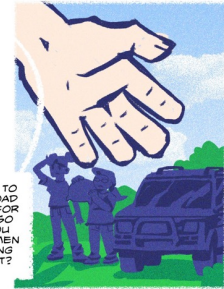
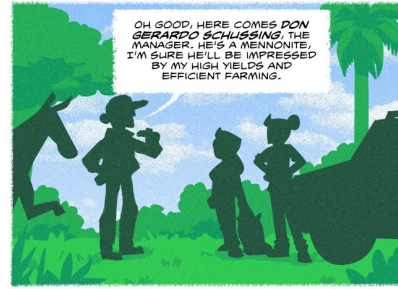


Turning to religious communities for disaster response can also work at cross-purposes to conventional insurance-based assessments of protection and damage, eg moral assessments of victims (Cox et al 2018).



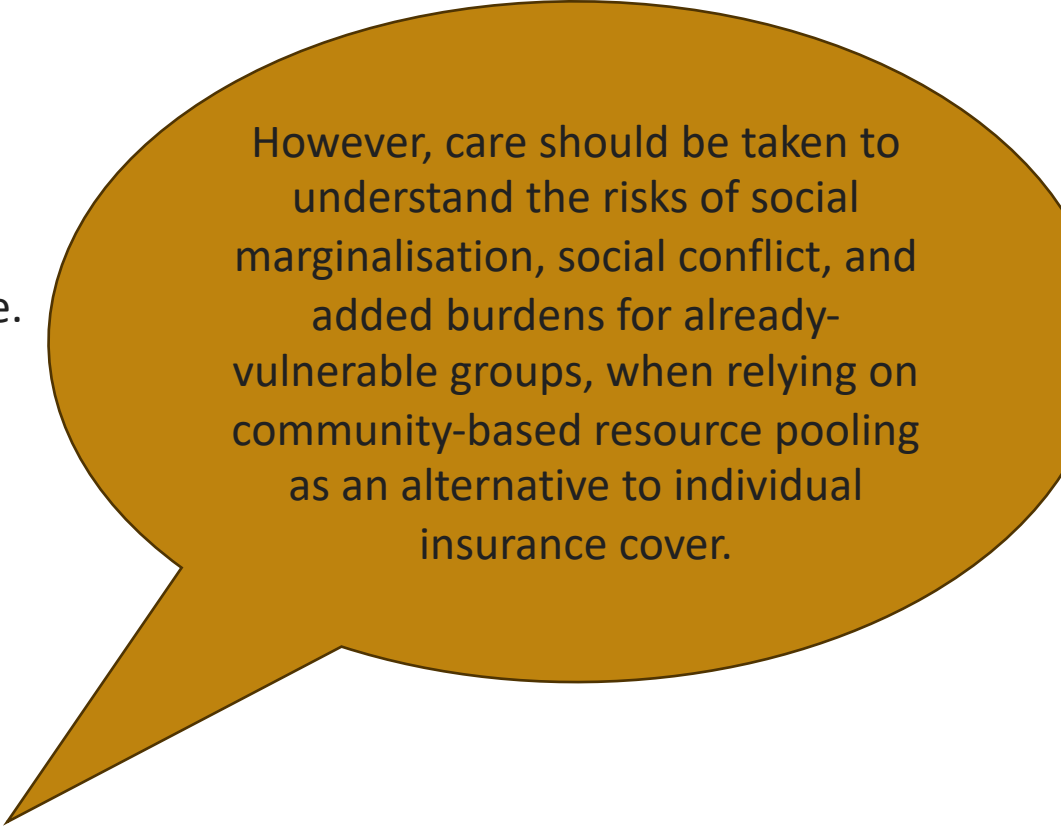
# New inclusive insurance and old social hierarchies – the role of micro-insurance in inter-ethnic conflict?

<https://curatorium.webflow.io/taia-journal/form-content/fences/et-cercado-the-fences>



Further research on approaches to financing climate adaptation and disaster response outside of mainstream insurance could complement the existing focus on innovative approaches to insurance.

These alternatives are generally more sensitive to localised, culturally specific, and faith-based responses than conventional financial products and services.



However, care should be taken to understand the risks of social marginalisation, social conflict, and added burdens for already-vulnerable groups, when relying on community-based resource pooling as an alternative to individual insurance cover.



# THANK YOU



## Contact Us

School of Archaeology and Anthropology

Banks Building, 44 Linnaeus Way

T 02 6125 7043

E [caroline.schuster@anu.edu.au](mailto:caroline.schuster@anu.edu.au)

W <https://researchers.anu.edu.au/researchers/schuster-ce>



Australian  
National  
University

Bähre, E., 2020a. *Ironies of Solidarity: insurance and financialization of kinship in South Africa*. Bloomsbury Publishing.

Bähre, E., 2020b. Financialization, solidarity, and conflict. *Economic Anthropology*, 7(1), pp.159-161.

Cajilig, P. G. (2022). Kinship as cultural citizenship in post-disaster housing reconstruction: Narratives from fisherfolk in the Philippines. In *Complex disasters: Compounding, cascading, and protracted* (pp. 265-287).

Cox, J., Varea, R., Finau, G., Tarai, J., Kant, R., Titifanue, J. and Neef, A., 2020, April. Disaster preparedness and the abeyance of agency: Christian responses to tropical cyclone Winston in Fiji. In *Anthropological Forum* (Vol. 30, No. 1-2, pp. 125-140).

Cox, J., Finau, G., Kant, R., Tarai, J. and Titifanue, J., 2018. Disaster, Divine Judgment, and Original Sin. *The Contemporary Pacific*, 30(2), pp.380-411

Johnson, L., Shariff Mohamed, T., Scoones, I. and Taye, M., 2023. Uncertainty in the drylands: Rethinking in/formal insurance from pastoral East Africa. *Environment and Planning A: Economy and Space*, 55(8), pp.1928-1950.

Le Dé, L., Gaillard, J.C., Friesen, W. and Smith, F.M., 2015. Remittances in the face of disasters: A case study of rural Samoa. *Environment, Development and Sustainability*, 17, pp.653-672

Mulligan, J.M., 2023. Fractured insurance families: securing care and navigating financialized social protections. *Journal of Cultural Economy*, pp.1-17.

Ngin, C., Grayman, J.H., Neef, A. and Sanunsilp, N., 2020. The role of faith-based institutions in urban disaster risk reduction for immigrant communities. *Natural Hazards*, 103, pp.299-316.

Pairama, J. and Le Dé, L., 2018. Remittances for disaster risk management: perspectives from Pacific Island migrants living in New Zealand. *International Journal of Disaster Risk Science*, 9, pp.331-343.

Schuster, C.E., 2023. *Forecasts: A Story of Weather and Finance at the Edge of Disaster*. University of Toronto Press.

