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Unlocking Public and Private  
Finance for the Poor

# PARAMETRIC MICROINSURANCE - FIJI

Frequently Asked Questions (FAQ)



## ABOUT THE INSURANCE POLICY:

### Q. What is Insurance?

Insurance is a tool to protect yourself from possible large, unexpected losses. It is way for people to transfer and share risk by making small contributions together with many who are exposed to similar risks. Then, when you suffer a big loss, you can receive funds to help you in your time of need.

### Q. What is parametric Insurance?

Parametric Insurance (which is also known as weather index or index-based insurance) aims to mitigate the hardship of insured farmers/ fisherfolk / small businesses after loss of income or earning opportunity due to adverse weather conditions like excess rainfall, high wind speed, cyclones, etc. The key benefits of the parametric insurance is expeditious claims settlement since no loss assessment is usually carried out. Payment is purely based on the triggering of the index (a certain wind speed or rainfall level being reached) that is expected to result in loss to the insured.

### Q. How do I know if a parametric insurance policy is right for me?

Parametric insurance is designed to facilitate payouts within a few days after major wind, rain, or tropical cyclone event. Purchasing parametric insurance provides a way to ensure that you receive extra financial support after such events to help you recover faster.

### Q. Who can purchase a parametric insurance policy?

Currently insurance policies are being sold exclusively through farmer cooperatives. If you are interested in purchasing a policy, and are a member of one of the farmer cooperatives, we would recommend contacting a representative from the Sugar Cane Growers Fund (SCGF), Sugar Cane Growers Council (SCGC), Cane Farmers' Co-operative Savings & Loans Association Limited (CCSLA), Fiji Rice Limited (FRL), Fiji Coconut Millers Pte. Limited (FCML) or the Tailevu Dairy Farmers Cooperative Association Limited (TDFCAL) to sign up and pay the insurance premium. The ability to purchase a policy directly by an individual without a group will be developed over the next year and made available through a smart phone application.

### Q. What does parametric insurance protect me against?

There are currently two different types of cover for parametric insurance: extreme wind cover and cyclonic storm cover. The extreme wind cover pays out when tropical cyclone (TC) category 1 wind speeds (91 km/hr) or higher have been recorded. The cyclonic storm cover pays out when TC category 1 wind speeds or higher have been recorded and payout amounts increase if more than 150 mm of rain have been recorded over a 3-day period cumulatively (day prior to cyclonic event, day of the event and the day after the event).

### Q. How much does the insurance product cost?

The insurance policy will cost F\$100 for 12 months of coverage and include a maximum payout of F\$1,000. The insurance policy can be purchased all year round and is activated on the 1st of the next month. The policy has a 1-month cool-off period, meaning it will not cover triggering events occurring within the 30-days of being activated.

### Q. How can I pay the premium and what if I cannot pay the premium upfront?

There are a variety of premium payment options available, which you can discuss with your cooperative. If you are unable to pay the premium upfront, please consult with your cooperative to negotiate an arrangement where it can be paid at a later date or recovered from you.

## ABOUT THE PAYOUTS:

### Q. How can I know if I will receive a pay-out?

If a certain wind speed has been reached, the insurer will send you a claim intimation to inform you of your payout. The cooperative leaders will also be informed of who will receive a payout.

### Q. How much money will I receive?

The amount of rainfall and the wind speed will determine the payout amount. When a qualifying rainfall or wind speed level has been met, a payout will be triggered. The payout amounts will also depend on the location of the insured person (address/location registered) and the distance from the eye of the storm. The charts below show what the payout amounts are for the different covers.

## COVER 1 : EXTREME WINDSPEED COVER

Payout Structure Windspeed (in FJD)				
Max Wind Speed Range (km/hr); TC Category*	Distance to the Eye of the Cyclone (km)			
	0-25	25-50	50-75	75-100
Cat 1 - [91-125)	\$75	NIL	NIL	NIL
Cat 2 - [126-166)	\$200	\$100	NIL	NIL
Cat 3 - [167-225)	\$500	\$300	\$150	NIL
Cat 4 - [226-280)	\$800	\$550	\$350	\$200
Cat 5 - >280	\$1,000	\$850	\$600	\$400

## COVER 2 : CYCLONIC STORM COVER: (COMBINED WIND AND RAINFALL)

Payout Structure Windspeed (in FJD)				
Max Wind Speed Range [km/hr); TC Category*	Distance to the Eye of the Cyclone (km)			
	0-25	25-50	50-75	75-100
Cat 1 - [91-125)	\$75	NIL	NIL	NIL
Cat 2 - [126-166)	\$200	\$100	NIL	NIL
Cat 3 - [167-225)	\$400	\$250	\$100	NIL
Cat 4 - [226-280)	\$550	\$450	\$300	\$150
Cat 5 - >280	\$750	\$650	\$500	\$300

Payout Structure Rainfall	
Rainfall Range (mm)	Add on Factor
[150-225)	7.5%
[225-300)	12.5%
[300-375)	20%
>=375	30%

Final Payout =  
(Windspeed damage  
payout + Rainfall add  
on factor)

### **Q. Will I still get a payout if I don't suffer much damage?**

The payout amounts are determined by the severity of the event (the amount of rainfall or the wind speed), not by the amount of damage one experiences. This means your payout is not affected by the amount of damage and that you will receive the amount corresponding to the severity of the event. This also implies that it is imperative to take risk reduction measures before an event to minimize your exposure as much as possible - the less damage you have, the more money you can save on repairs.

### **Q. How do I make a claim for a payout?**

Good news! One of the major advantages of parametric insurance is that claims reporting is not needed. When a trigger has been met, then a payment is sent automatically to your bank account, digital wallet, or by telegraphic money order (TMO) in approximately 14 to 21 days after the event.

## **TECHNICAL QUESTIONS ABOUT PARAMETRIC INSURANCE:**

### **Q. How are the rainfall and wind speed levels measured?**

The wind speeds are measured using Joint Typhoon Warning Center (JTWC) Tropical Cyclone data. JTWC is one of the Regional Specialized Meteorological Centers (RSMCs) in the southern hemisphere appointed by the World Meteorological Organization (WMO) for the Pacific region. The JTWC uses a 1-minute averaging period to calculate the Maximum Sustained Wind (MSW) values. The rainfall data will be collected from Fiji's automatic and manual weather stations, available at 51 different locations across Fiji.

### **Q. How many times can I receive a payout in one year?**

For each year of coverage, policy holders are eligible to receive up to 100% of the total coverage amount (F\$1000) in payouts. This can happen in different ways. For example, a policy holder might receive a 25% payout in December for a smaller event and a 65% payout in February for a more severe event. Alternatively, if a category 5 cyclone hits a policy holder directly in March, this will exhaust their coverage and a new policy will need to be purchased to receive coverage for the next 12 months.

### **Q. Is it possible for me to suffer a loss and not receive a payout?**

Parametric insurance is not meant to cover all losses due to high rainfall and wind speeds, rather it is intended to provide quick financial support to policy holders after extreme weather events. It is possible to incur damage and not receive a payout if the trigger levels have not been met. For these lower severity events, we stress the importance of taking risk reduction measures to minimize your exposure and using savings to cover these events.

### **Q. What if I do not receive a payout after one year?**

Parametric insurance is meant to provide immediate support after severe events that occur every couple of years. An insurance policy that pays out every single year would not be sustainable, thus it should be expected that there will not be a payout in years you were not directly hit by a major event. It is still important to save for smaller events and purchase parametric insurance for the bigger events that require more funding to recover from. In short, parametric insurance provides timely financial support during extreme weather events, while your savings would help minimize your risk against smaller events.

### Q. How can I prove that I have insurance?

The cooperative leaders will have the master policy contract while insured members will receive a certificate of insurance.

### Q. How can I renew my insurance policy?

Insurers will notify cooperative management before their policy expires. Cooperative management should then get consent to renew the policies for their members for a new cover period of 12 months.

### Q. Can I cancel my insurance policy?

Cancellation policy permits a 25% refund if done within one week of purchasing the policy, otherwise there are no refunds.

### Q. Who should I contact if I have a complaint?

You can reach your insurance company by dialing the following insurance companies at:



**FijiCare**

**Phone:** +679 330 2717

**Location:** 9th floor - 343-359 FNPF Place,  
Victoria Parade, Suva P.O. Box 15808, Suva

**Email:** [customercare@fijicare.com.fj](mailto:customercare@fijicare.com.fj)



**SUN Insurance**

**Phone:** +679 3313822

**Location:** Ground & Level 1 Sun Insurance,  
Kaunikula House, Laucala Bay Road, Suva

**Email:** [info@suninsurance.com.fj](mailto:info@suninsurance.com.fj)