Transparency and Regulation in Index Insurance

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Index insurance and the Client

Climate change: more bad years?

Adaptation: increase productivity in normal years to cover bad year loss

But strategies that increase productivity in most years face increased risk in bad years

Threat of 1 drought year out of 5 prevents other 4 from being much more productive

Key to adaptation is to relax risk of bad year to unlock productivity options

**Index Insurance: help reduce risk to unlock productivity**

Many limitations: how to protect clients?
Scientific analysis critical, but be wary of smokescreen
Participatory design: Can the client, regulator evaluate the product as a tool?
Clients, Regulators must know when the insurance would pay, not pay.
Science + understanding = Transparency