



World Review of Capture Fisheries Insurance

**Global network for capacity building to increase
access of small-scale fisheries to financial services
(CAFI – SSF Network)**

Suchitra Upare

FAO-CAFI SSF Coordinator

6 May 2022 – IFAF-TNJFU



Review updates

Review of the current state of world aquaculture insurance

World review of capture fisheries and aquaculture insurance 2022

2006

2009

2022

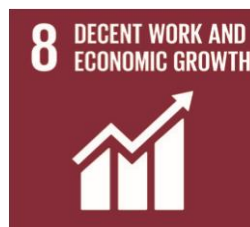
Review of the current state of world capture fisheries insurance

**Review Contributes
to
implementation**

- FAO Code of Conduct for Responsible Fisheries (FAO, 1995)
- Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Food Security and Poverty Eradication (SSF Guidelines)
- FAO Blue Transformation Strategy 2022–2030

Supports Integrated & Sustainable Economic Development, and Contributes to the Achievement of the UN 2030 Agenda of Sustainable Development Goals (SDGs)

Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all



Goal 12: Ensure sustainable consumption and production patterns



Goal 13: Take urgent action to combat climate change and its impacts



Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development





Overview of capture fisheries production



Estimated global fish production 179 million tonnes, (capture fisheries contributes 54 percent, *FAO 2020*)

Total estimated value at first sale is USD 401 billion (of which 38 percent originates from capture fisheries)

During last decade (2008-18) production increased by 19 percent

Overall increase region wise in **marine capture fisheries**

- Oceania region production was stable
- South America production showed large variations- mainly fluctuations in Anchovy catches
- Production levels remained unchanged for seven largest capture fisheries producers.



INTERNATIONAL YEAR OF
ARTISANAL FISHERIES
AND AQUACULTURE
2022

Global growth rate **2.7 percent**

GWP (gross written premiums, 2018)- **USD 5.2 trillion**

- Non- life insurance contributed (includes capture fisheries) – **46 percent**

Marine insurance ONLY 1 percent of total non-life insurance premiums

The Insurance Market

Asia- Fastest growing market in terms of GWP (Gross Written Premiums) growth potential specifically in the liability and agriculture and allied business lines.

China & Japan- largest insurance markets in world



Asia : Insurance Market

Asia region has thirty-two percent of premium share.

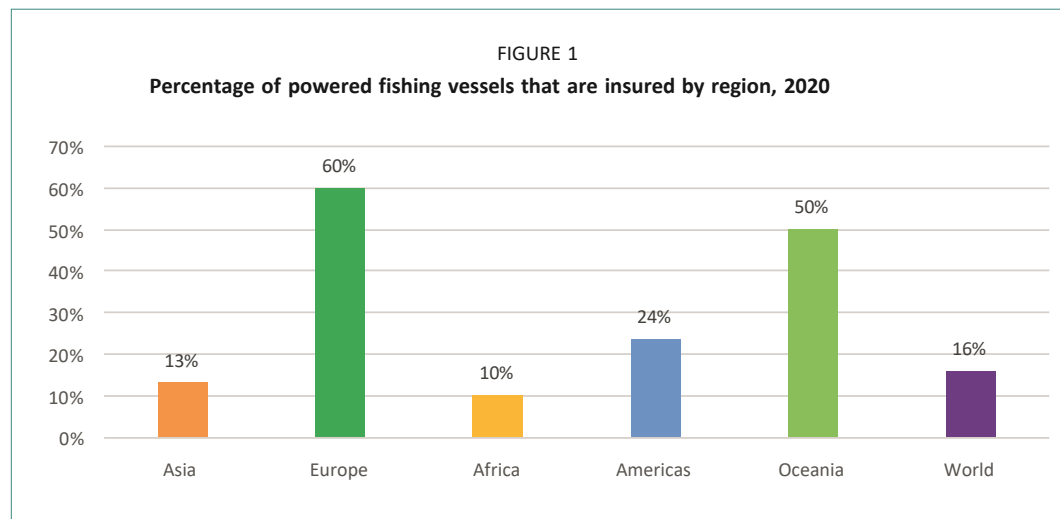
Life and nonlife insurance markets in Asia is estimated at approximately five percent (**CARG Study Report**)

The gross premium for non-life was at USD 564 billion in (2018)

Insurance penetration was estimated at 2.1 percent.

Fishing vessel insurance policies

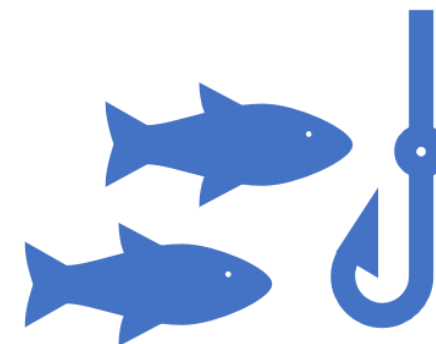
- Global fishing fleet - 4.56 million
(3 percent reduction, since 2006)
- Motorized fishing fleet - 2.86 million
(63 percent)
(Asian countries motorized fleet – 2.1 million)
- Asia accounts for 68 percent of global fishing fleet (both motorized & non motorized)
- Four of the top ten marine capture fishery producers are from Asia (Indonesia -8 percent & Japan & Vietnam- 4 percent, Philippines- 2 percent)
- Inland capture fishery production of Asia region constitutes 66 percent to total global fish production
- Africa's fleet has steadily increased, constitutes about **20 percent** of the global total.

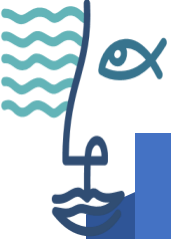


Worldwide insured fishing vessels – 450 000

Key facts Asia region

- Total insured fishing vessels – 275 000
- Japan - 112 000
- China - 55 500
- The Philippines insured vessels - 40467
- Indonesia & Vietnam(each) - 30000
- India insured vessel - 7000





Perils coverage

- damage to or loss of fishing vessels caused by natural calamities such as storms, lightning, tsunamis, earthquakes, and floods
- accidents caused by human error
- accidents caused by technical/mechanical failure and
- accidents or damage caused by marine debris.

“All risks” common type of insurance for capture fisheries policies.

ONLY- in India is the coverage primarily “named perils”.





International conventions requiring insurance of industrial fishing vessels



Various IMO conventions include compulsory insurance requirements for large vessels, and do not distinguish between merchant marine or fishing vessels.



International Convention on Civil Liability for Bunker Oil Pollution Damage 2001 (Bunkers Convention)

- which requires shipowners of vessels of 1 000 tons or more to obtain either insurance or another type of financial security to cover liability, as established under international law or any applicable international



Nairobi International Convention on the Removal of Wrecks 2007 (Wreck Removal Convention)

- which applies to any seagoing vessel of 300 tons (24 meters in length) or more including large fishing vessels and provides the basis for a shipowner's liability with regard to wreck removal costs. The vessel's registered owner is required to have insurance or other financial security to cover wreck removal costs.

Introduction of compulsory insurance for smaller vessels still needs attention

A blue ribbon graphic with a 3D effect, featuring a lighter blue top surface and a darker blue bottom surface, framing the text on the left side.

Status of Asia Capture Fisheries Insurance Programme/Insurance gaps addressed

Asia - Insurance gaps addressed

Bangladesh

- All insurers in the country are obliged to underwrite a minimum percentage of their business to the crop, livestock, poultry, and fisheries sector.
- Non-life, insurers must write policies for a minimum of 0.1 percent of their gross written premium with rural and social sectors.

Japan

- The government of Japan plays major role in fisheries insurance market and subsidized insurance premiums.
- Fishery insurance in Japan is offered through a mutual insurance system that covers capture fishing, and fishery related facilities.

Asia

Insurance gaps addressed

Vietnam

Insurance market has been transformed from the State-owned monopolistic sector to a more open industry with both the domestic and foreign entrants.

Philippines

Philippines Crop Insurance Corporation (PCIC) has seven insurance lines, one of them fisheries insurance, introduced since 2011.

Provides insurance protection to and fishers against losses arising from natural calamities

Indonesia

The Indonesian government introduced Law on- **Protection and Empowerment of Fishermen, Fish Farmers and Salt Farmers** (FAO,2016). Mandatory for central and local government to provide insurance

Opportunities for Insurers

Capture Fisheries

- World fishing fleet comprises of 4.56 million vessels (FAO 2018)
- Five countries under review cumulatively accounted for 1.54 million fishing vessels
(FAO 2018)
- Opportunity for new entrants/insurers from private sector to provide services for capture fisheries.

Recommendations

- Establish direct links between insurance and credit programs so that insurance cover can form part of the collateral for a loan and insurance premiums are included in the loan itself.
- Application of technology - weather-index based insurance schemes, satellite data and inputs from weather stations are being used to trigger insurance payments in case of occurrence of weather-related events. These can be extended to capture fisheries sectors as well and to increase efficiency and simplify procedures.
- Flexibility in insurance premium payments and claim settlement may be introduced.
- Design an efficient and simple dispute settlement process – a mechanism to address customer grievances would be helpful while launching new products.
- Need to compliment fisheries asset insurance with health and life insurance policies.
- Develop special insurance products for women workers/entrepreneurs.
- Legislative/policy changes are needed to make basic insurance (Third party liability/ accident insurance) mandatory for all motorized vessels
- Premium subsidy programmes are widespread used in agriculture to promote insurance. The use of subsidies to increase insurance coverage also for small-scale producers
- Need for more awareness, training, and networking support from National and International organisations for fisheries insurance sector.



CAFI SSF Network



Global Network for capacity building to increase access of small-scale fisheries to financial services – CAFI SSF Network.



Expert workshop on Guidelines for micro-finance, credit and insurance for small-scale fisheries in Asia
7-9 May 2019, Bangkok, Thailand

AIM:

Facilitate the availability and access to finance and insurance for small-scale fisheries through strengthening the capacity of policy makers, service providers and fisher folk organizations.

SCOPE OF WORK

Increase global attention and awareness

Support the development/dissemination of training materials

Advisory and support services to concerned stakeholder

Promote partnership and join initiatives

Foster resource mobilization



Understand the unique business characteristics of the SSF sector, the value chains they operate in and the risk they face.

Adapt their institutions to address the sectoral challenges.

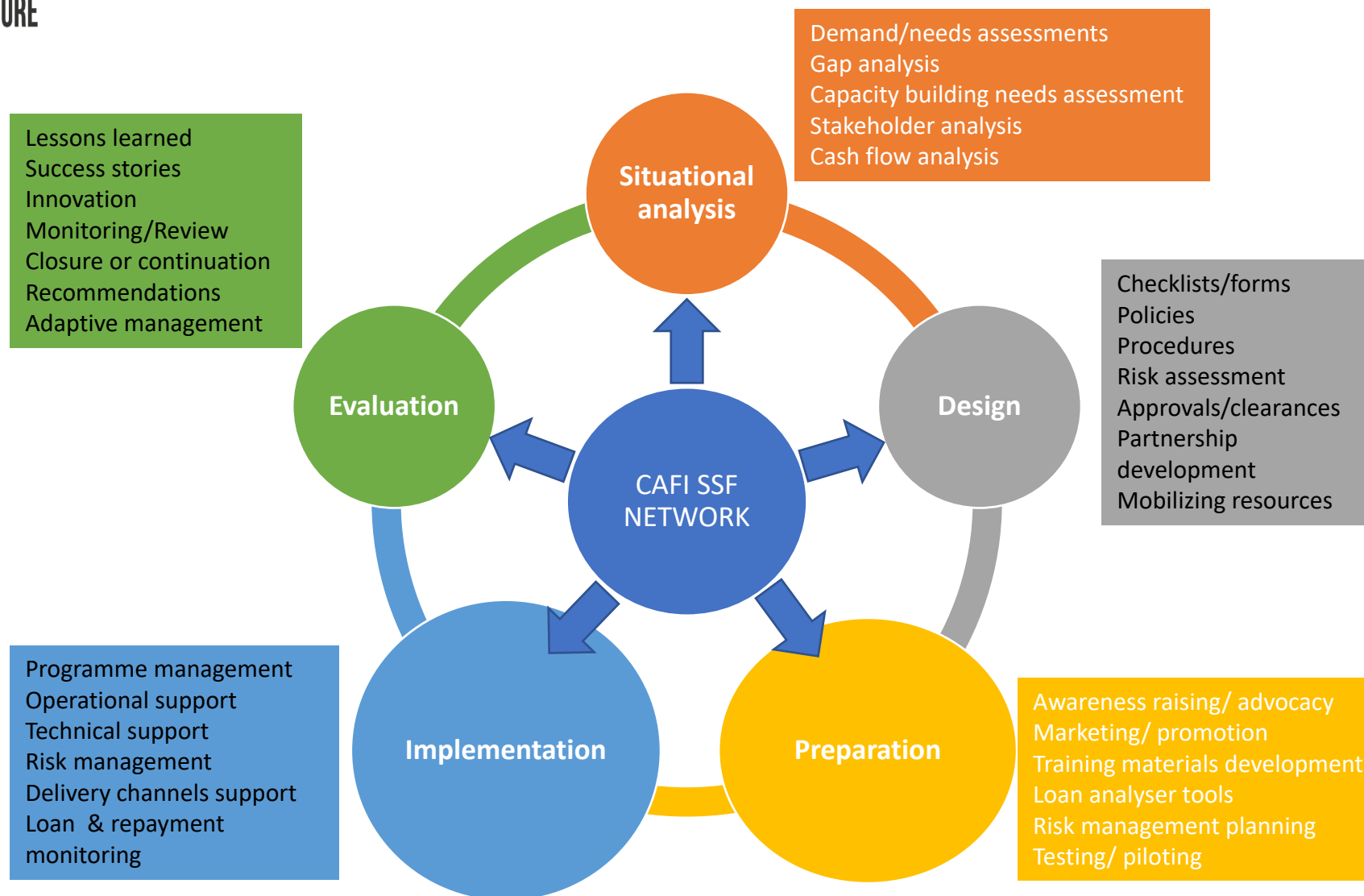
Learn from regional experiences, success and challenges.

Obtain support from other network member's in how to implement financial service programs in support to the SSF

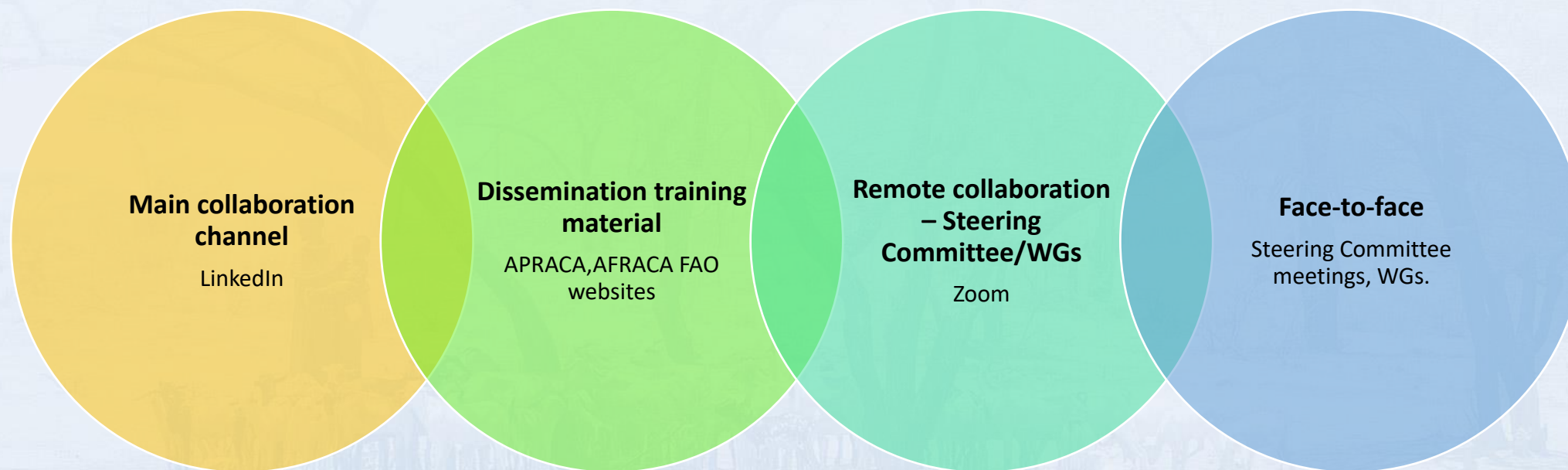


INTERNATIONAL YEAR OF
ARTISANAL FISHERIES
AND AQUACULTURE

2022



MECHANISM FOR COORDINATION AND ACTION



Recent Publication

FAO Publication

- World review of capture fisheries and aquaculture insurance 2022.

DOI: <https://doi.org/10.4060/cb9491en>

- The role of finance in mitigating COVID 19 impacts in fisheries. 2020. FAO. Rome. <https://doi.org/10.4060/cb0687en>
- Guidelines for increasing access of small-scale fisheries to insurance services in Asia: A handbook for insurance and fisheries stakeholders. 2019. <http://www.fao.org/3/ca5129en/ca5129en.pdf>
- Blue finance guidance notes: Insurance for small-scale fisheries. 2020. Rome. <http://www.fao.org/3/ca8646en/CA8646EN.pdf>
- Blue finance guidance notes. Aquaculture insurance for small-scale producers. 2020. Rome. <http://www.fao.org/3/ca8663en/CA8663EN.pdf>

CAFI SSF Publications

- Financial services provision to small-scale fisheries.

<https://www.rfilc.org/wp-content/uploads/2022/03/Financial-services-provision-to-small-scale-fisheries.pdf>

- Case studies from the United Republic of Tanzania and Zambia

<https://afraca.org/wp-content/uploads/2022/01/Financing-Fisheries-in-Africa-case-studies-from-the-United-Republic-of-Tanzania-and-Zambia.pdf>



Thank you

cafi-ssf@fao.org

