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Press Release

Oromia pastoralists set to receive 1.6 mln Birr in livestock insurance payment

Addis Ababa February 16, 2017:- Oromia Insurance Company (OIC) is set to pay 1.6 million Birr in livestock insurance compensation to 1,474 pastoralists in Borena and West Guji zones of Oromia Region.

The beneficiaries are receiving the compensations because they have lost their livestock due to the recent El Nino-induced drought in the area, which has led to starvation and death of livestock.

OIC will make the 1.6 million Birr payout on Saturday, February 18, 2017, to help them recover from the losses of their livestock following the drought.

Livestock insurance was introduced to Oromia pastoralists in 2012 as a pilot through the partnership of OIC and its major partner – International Livestock Research Institute (ILRI) – which has initiated the project, and been providing satellite data obtained from NASA.

In addition to paying out compensation to pastoralists who lost their livestock, the 'greenness watch insurance' also benefits clients whose livestock are at high risk, according to Getaneh Erena, Senior Livestock Insurance Expert at OIC. OIC's insurance covers cattle, camel, sheep and goat.

With the aim of refining its current livestock insurance, expanding and modernizing the service by shifting from paper-based to paperless technology, OIC has recently partnered with Kifiya Financial Technologies – a local company known for modernizing payment system.

"Through this partnership we will install an IT based modern claim management system to OIC, which will enable it to expand the service with efficiency," Meseret Tefera, Market Development and Partnership Manager at Kifiya, stated. She further explained that Kifiya has been refining the current product following the agreement made with ILRI.





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How it works

"In order to benefit from OIC's livestock insurance, depending on historical data a pastoralist is expected to pay a premium rate between 7 to 11% the value of the forage his/her livestock feeds in one year of the two dry seasons. For instance, camel is expected to feed 5,000 Birr worth forage while a goat or a sheep is estimated to eat forage worth 500 Birr in those two dry seasons of one year. Likewise, one cattle is anticipated to feed a 3,000 Birr fodder," according to Getaneh of OIC.

Based on this a pastoralist who is interested to get insurance policy for his/her 5 cattle is expected to buy a premium of 1,050 Birr if the rate is 7% (7% of 3,000 Birr times 5), according to Getaneh who stressed the need for premium subsidy as it is not affordable for the majority of pastoralists. According to him a local NGO CIFA- Ethiopia, a partner in the project with fund from TROCAIRE is providing a premium subsidy of up to 35% for pastoralists in 2 (Moyale and Miyo) out of 10 Woredas.

He added that because of this intervention the up take is higher in these two woredas compared to others. "Thus, I suggest the federal or the regional governments should consider premium subsidy for the pastoralists in order to increase the number of beneficiaries and save them from becoming victims to such droughts," he said.

So far a total of 4,588 pastoralists, mainly in Borena and West Giji zones of Oromia Region, are covered by OIC's livestock insurance. The payout next Saturday is the 4th round since OIC launched the policy in 2012.

-ENDS-

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