

Sprout Insure: Blockchain Climate Risk Crop Insurance

Critical transitions:



Innovation:

Nature-linked insurance

Geographic focus:

Africa, South and South-East Asia

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Estimated potential of \$6 to 10 billion in annual premiums



Launched in 2018, Sprout Insure is a German-based start-up, responsible for establishing a blockchain platform to provide climate risk insurance to smallholder farmers in developing countries. Through the use of technology, Sprout aims to increase the crop insurance coverage rates of smallholder farmers, of which currently only 20 percent (less than 3 percent in sub-Saharan Africa) have access to crop insurance. This access to insurance is expected to increase smallholder farmers’ resilience to climate change.¹⁸²

Using a distributed ledger system, Sprout Insure builds transparent smart weather-indexed crop insurance contracts. During an extreme weather event, the insurance is paid out automatically, without filing or processing a claim, facilitating quick, transparent, fair and reliable payments.

Sprout Insure has partnered with ACRE Africa and its implementation partners are Etherisc, which builds decentralised insurance applications on the blockchain. A major benefit of using blockchain for parametric insurance is the further reduction in transaction costs in the claims process. Once the platform is at a sufficient scale, estimates show it will reduce costs of issuing contracts by 41%, allowing for a 30% reduction in premiums, and a decrease in claim cycles from three months to one week. At its maximum potential, the platform could mobilise \$6 to 10 billion in annual premiums. The pilot, which started in early 2020, is expected to insure 1.2 million farmers in Kenya.¹⁸³

Stakeholders:

The Lab; Etherisc; IFAD; Sprout Insure; ACRE Africa

Status:

● Pilot / In development