

## Insuring Small and Medium Enterprises through Blockchain Technology (ISBC)



### Context

Mongolia is a landlocked country between Russia and China, located in Eastern Asia which is regularly affected by climatic extremes and severe weather events. Number, occurrence, severity, and impact of hazards have been increasing since 2000. In urban areas a relevant disaster risk is the increase of flooding due to heavy rain- or snowfall, damaging buildings and infrastructure and causing fires. These risks are not only relevant for private dwellings but also for business premises.

Duration	2021-2023
develoPPP partner	MONRE Insurance Company
Commissioner	Federal Ministry for Economic Cooperation and Development (BMZ)



### Project regions



### Project objective

Framework conditions for weather risk mitigation abilities of SME through weather insurances are improved.

### Approach

The project “Insuring Small and Medium Enterprises through Blockchain Technology” (ISBC) project will develop and pilot test a prototype weather Index Insurance product for small and medium enterprises (SME) and design a SME risk mapping based on blockchain technology. The Insurance product is not only intended to compensate SME for flood and fire induced losses but may also increase their chances of accessing a bank loan. Such Insurance products reduce the bank’s risk of loan loss as it serves as additional collateral for the bank. This pilot product shall encourage other stakeholders in the Insurance market to develop additional (climate)risk mitigation products using new and innovative technologies and raise risk awareness amongst the target group.



### Outputs

#### Output 1 Increased knowledge of risks facing SMEs in Mongolia

- In cooperation with local consultant, baseline study to understand current situation and current awareness of risk among SME owners is conducted.
- The baseline study covered 400,000 SME owners.
- You can download the baseline study at [Promoting blockchain-based insurance services - giz.de](https://www.giz.de/Promoting-blockchain-based-insurance-services)



Picture 1: Baseline focus group discussion

### Output 2 Development and testing of index based flood insurance product

- In cooperation with international actuary, the index-based flood insurance product is developed.
- Satellite data is mainly used for product development as well as raw data collected by the Meteorology and Environmental Monitoring Agency.
- The new product is currently being registered in Financial Regulatory Commission of Mongolia and once it is registered, the product will be available through our private partner.

### Output 3 Development of risk mapping system

- Objective is to develop risk mapping system available to the public so that anyone can assess risks such as flood and fire.
- Currently simple flood and fire risk modelling research work is completed in cooperation with experts from National Emergency Management Agency of Mongolia.
- Once developed, it will prevent businesses and people from building their business or dwelling on flood zone.

### Output 4 Risk and insurance literacy campaign

- After the literacy campaign, SME owners who participated in training and workshop shall have increased knowledge on risk and insurance.
- The training for SME owners shall include interactive methods such as videos, games etc
- For the insurance industry, actuarial and underwriting training will be held.
- The trainers will be qualified CII exam passers.
- At the end of the training, people working in insurance industry shall have profound knowledge in risk and insurance and can confidently educate the public afterwards.



Picture 2: Launch of Laika product



Picture 3: Launch of Laika - training

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