

INITIATIVE

Insurance drive helps residents pick up pieces after floods

Insurer makes Sh15 million payout to 300 households in Madogo Ward in the wake of flooding disaster that saw them lose entire livelihoods.

By Nanjnia Wamuswa
nwamuswa@standardmedia.co.ke

Striking through several counties, the Tana River is Kenya's longest river, covering approximately 1,000km.

Principally originating from Mount Kenya in Nyeri County, it is one of the more significant natural resources in Kenya with nearly two-thirds of Kenya's electricity needs being generated from the series of dams along it.

The river also runs through Kenya's semi-arid lands such as parts of Garissa in the north-eastern region and Tana River in the Coast, where it is a water source for irrigation and domestic use and supports a rich wildlife ecosystem in the surrounding areas.

For residents of Madogo Ward in Tana River County, the river is a tale of joy and pain experienced in near equal measure depending on the season.

The river supports various economic activities in the region, including pastoralism, crop farming, fishing and harvesting of natural resources.

During the rainy season, in contrast, the river overflows, causing flooding, which often destroys people's livelihoods, rendering them destitute.

Mohamed Ousmane, a resident of Madogo, recounts the events between September 2023 and May 2024 with pain written all over his face.

He chokes on his words as he narrates how he lost virtually everything he owned when the Tana breached its banks twice during this period.

In a flash, his home was gone, and so was his livelihood, and his sense of security. The raging floodwaters had rendered his efforts useless, leaving him in a precarious position.

"The floods were relentless," he recalls, his voice heavy. "It felt like an unending nightmare. My rental houses and livestock, my main sources of income, vanished overnight."

Ousmane, a religious teacher from Mororo at the border of Tana River and Garissa counties, is just one of thousands of residents whose lives were upended by the floods.

Most of his neighbours are low-income earners, eking out a living through informal trade



Some beneficiaries of Britam's Sh15 million flood insurance payout in Madogo Ward, Tana River. **BELOW:** Britam Microinsurance Head of Innovation Liza Maru (right) and FSD Africa Manager, Development Impact Frank Maimu talk to Mohamed Ousmane (center), one of the beneficiaries.



and small-scale farming and pastoralism.

The floods not only destroyed homes but also disrupted livelihoods, education, and the overall fabric of the community. Schools were marooned, leaving thousands of school-going children without access to education.

According to the Kenya Red Cross Society, which provides emergency assistance in times of disaster, over 10,200 households were affected by the floods in Tana River County alone. Many were forced to move to makeshift camps and rescue centres. The future looked dark and uncertain.

As the flooding disaster raged, some 400km away in Nairobi, officials of Britam's microinsurance division were closely monitoring the events and crunching the numbers.

The year before, Britam, in partnership with Oxfam and Swiss Re, introduced the Index-Based Flood Insurance (IBFI) to the region.

The solution, which is powered by technology, was jointly designed by AB Consultants, an independent market driver in the inclusive insurance space, and Risk Shield, an actuarial firm specialised in designing index-based insurance solutions. Oxfam provided the initial pre-

mium financing.

The overall goal of the risk transfer solution is to enhance the local communities' ability to absorb climate shocks, improve their ability to reduce and manage risk and maintain food security.

The innovative insurance model is based on weather data and river levels. When the river surpasses a predetermined threshold, insured households receive a payout, providing immediate relief and enabling them to rebuild.

Ousmane was one of the early adopters. Within a couple of weeks, Britam made a payout of Sh15 million to 300 households in Madogo Ward. This was a pleasant surprise to families who only weeks earlier had lost nearly all hope.

The payout played a pivotal role in helping affected households recover from the immediate impacts of flooding, while also promoting long-term economic and social stability in the region.

It saw Britam and the Tana River County Government officially sign a Memorandum of Understanding (MoU) in a significant step towards scaling the flood insurance solution

to cover more families in the county. The scaling of the coverage is designed to safeguard and enhance the resilience of communities against the impacts of floods.

"The insurance payout was a welcome reprieve," Ousmane says. "It helped me rebuild my life, piece by piece," he adds.

The payout, disbursed in three tranches, provided crucial support to Ousmane and hundreds of his neighbours.

Mwanaharusi Abala, a charcoal and snack vendor, used the money to rebuild her home and restart her business, while Yusuf Jawa, a tailor, invested in his business and purchased school uniforms for his children.

"This approach is a game-changer," says the Head of Innovation at Britam Microinsurance Liza Maru. "It offers a swift response to a disaster that often leaves vulnerable households with nothing."

The flood insurance solution, the first of its kind in East Africa, was developed using data modelling and satellite imagery to predetermine flood thresholds and provide affordable coverage.

It utilises water level data to analyse historical flooding patterns along the Tana River. By analysing these patterns with socio-economic information, the solution assesses the potential impacts of flooding on households.

"We want to scale this programme to reach more vulnerable households," Ms Maru adds. "Our goal is to build resilience within the community beyond floods."

She said Britam would leverage partnerships to make the flood insurance product more affordable. The plan is also to make it seasonal.

Floods have become frequent in Kenya due to climate change. The index-based flood insurance solution is especially suited for individuals and families living in areas with a high risk of

flooding but may not have access to conventional property insurance products.

According to the Kenya Red Cross Society, between 2000 and 2018, floods affected over 3.4 million people in Kenya, causing over 350 deaths and displacing over 300,000 people. Over 200 people died, and thousands displaced this year alone.

Mohammed Abubakar, an environment officer in Tana River County, explains that owing to climate change such floods will increase in intensity. He emphasises a focus on building resilience.

"The floods caused widespread destruction, displacing people and ruining livelihoods. The insurance payouts have been crucial in helping people rebuild and regain stability," he said.

The growing intensity of natural disasters amplifies the need for formal and informal insurance solutions that protect households, farmers and businesses as the emerging risks are underserved in the market, despite climate change causing rising temperatures and rainfall variations that lead to droughts or floods.

OPINION

4 Steps Kenyan startup founders can take to optimise success



BY DEEDY NGUGI

Last year was tough on Kenyan startups and the trend continues with recent casualties such as e-commerce firms Copia and MarketForce.

Startups failing is not a new phenomenon - Founders Factory Africa estimates that 20 per cent of startups fail within a year and 90 per cent ultimately fail. As such, startup failures in Kenya, or indeed other parts of the world, should not be viewed with a harsh lens.

Startups fail for many reasons, ranging from running out of funding to poor product-market fit. While there are no guarantees in life, here are four steps that aspiring founders can take to optimise their startups' odds of success.

First, take time firming up the problem to solve. Most startups begin with an idea, a hunch or a hypothesis - introducing a product or a service with an aim of solving a specific problem. These hunches can be based on personal experience or encounters with the problem, or just general euphoria to cash in on changing trends such as rapid smartphone adoption.

While this is a good start, founders should spend ample time researching and validating customers' actual needs before starting any build work. When conducting research, it is imperative to ensure that it covers both qualitative and quantitative aspects. Surveys (for example, Google forms and Survey Monkey), web analytics (such as Google Analytics) and heat mapping are some of the methods that can be used to conduct quantitative research while interviews, focus groups and field studies are methods founders can use to conduct qualitative research.

Secondly, you must establish product market fit early. Simply put, product market fit (PMF) means building a product that



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people like and are willing to pay for. Generally, when people like a product, they are more likely to recommend it to their families. There are various ways of determining a PMF such as surveying and interviewing customers to determine if a product is a must-have or could-miss.

When conducting surveys, best practice recommends using open-ended questions to enable customers provide detailed responses. Other ways of determining PMF for early-stage companies include acquiring customers through referrals - organic growth - and retaining them month over month.

Thirdly, the entrepreneur needs to assemble a strong ecosystem of support. Just as it is important for founders to think about ecosystems when building a product, it is also important to build an ecosystem of the right stakeholders. There's a saying in the startup world that having an A team with a B idea is better than having a B team with an A idea. An A team is one that is agile and proactive in learning and making mistakes, solution focused, and has results-oriented mindset, which is the ability to see how individual contributions impact the goal.

To fully optimise chances of success, founders need to go beyond just hiring the A team - they need to assemble other best in class stakeholders. This can be done through mapping key stakeholders, who they are, their involvement level and each's interests and goals.

The fourth and crucial step is to execute without compromise and be frugal. In the startup world, execution is key and fundraising is tough. In many early-stage startups, time and cash are the scarcest resources. Knowing and prioritising where to spend these two is absolutely critical in catalysing a venture's success.

For example, when building a minimum viable product, or the most basic version of a product to solve customers' problems, founders should prioritize only features that enable them to quickly ship and test. On conserving cash, founders can employ strategies ranging from double hatting in some roles, to working remotely or in a co-working space. For startups that are at revenue stage, founders should, to the extent possible, make sure costs incurred are tied to revenue generating activities.

Across the world, there are plenty of problems to be solved and things to improve. Starting a company is one of the greatest ways to put a dent in these problems. During the course of this problem-solving journey, some will succeed and others will fail. The key is to keep trying and testing. Even if you try and fail, it is okay because nothing worthwhile in life comes easily.

[The writer is the African Lead for SC Ventures, Standard Chartered Bank's fintech investments and ventures arm]