Informal networks and resilience to climate change impacts: A collective approach to index insurance

This article contributes to the understanding of how to proceed with the development of index-insurance in order to reach extended population coverage with the insurance. The approach is applied to an example from a region in Tanzania. One of the main coping strategies that resource-poor households rely on to manage risks related to fluctuations in income flows is risk-sharing in informal networks. An informal network is an ideal way of managing idiosyncratic shocks, but once such shocks become covariate and affect whole communities, as is the case with most climate change impacts, informal networks become insufficient since the majority of risk-sharers will be affected by the shock at the same time. This paper proposes a collective approach to index-insurance in which the members of an informal network will be insured as one insurance taker. The paper raises a conceptual argument that targeting households through existing informal networks will remove a number of prevailing barriers to the takeup of insurance and consequently the approach has the potential to increase households’ resilience to climate change impacts. The policy implications of the conclusions are significant since the number of covariate shocks is predicted to increase with climate change.

General information
Publication status: Published
Organisations: UNEP Risoe Centre on Energy, Climate and Sustainable Development, Risø National Laboratory for Sustainable Energy, Systems Analysis Division
Contributors: Trærup, S. L. M.
Pages: 255-267
Publication date: 2012
Peer-reviewed: Yes

Publication information
Journal: Global Environmental Change
Volume: 22
Issue number: 1
ISSN (Print): 0959-3780
Ratings:
BFI (2012): BFI-level 2
Scopus rating (2012): CiteScore 6.42 SJR 3.035 SNIP 2.961
Web of Science (2012): Impact factor 5.236
ISI indexed (2012): ISI indexed yes
Web of Science (2012): Indexed yes
Original language: English
Keywords: Resilience, Informal networks, Sustainable development and climate, Climate change, Index insurance
DOI: 10.1016/j.gloenvcha.2011.09.017
Source: orbit
Source ID: 312404
Research output: Contribution to journal › Journal article – Annual report year: 2011 › Research › peer-review