



# Leveraging Social Protection Networks for Inclusive Insurance

## Lessons from Fiji

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This case study is part of CGAP's series on scaling inclusive insurance while preserving consumer value. It addresses the core barrier to scale—economic viability—and examines practical pathways that help distribution partners and insurers extend coverage to vulnerable populations, especially women. By spotlighting new models and partnerships, the series offers actionable insights for expanding access and strengthening resilience. Each case study highlights a particular aspect of the inclusive insurance industry where disruption is needed and feasible.

Specifically, CGAP has identified four pathways leading to customer centric, scalable solutions:



### Anticipatory Action and Disaster Risk Reduction

Climate risks threaten insurability; early action and risk reduction can reduce the costs of providing protection to vulnerable populations.



### Premium Financing Mechanisms

Affordability is a key barrier to uptake, and premium financing has the potential to drive uptake and enable customers to access necessary protection solutions.



### Distribution Networks

Distribution is the biggest challenge to scale; networks are needed to reach customers and maintain trust, ensuring customers understand the value of the products.



### (Re)insurance Facilities

New types of facilities could lower costs enabling customers to access protection, with more evidence on when and how it works, keeping in mind the effects on the end consumer.

Each of the case studies in this series addresses one or several of these pathways by highlighting existing programs that are testing new innovations and overcoming challenges to provide customer centric scalable solutions.




**T HIS CASE STUDY ON FIJI ADDRESSES** the premium financing mechanisms and distribution pathways. The target audience is distribution networks, specifically social protection networks, as well as insurers. The case study aims to answer the following questions:

- Can social protection networks be an effective distribution channel for inclusive insurance? If so, what features make this channel effective?

- What roles do subsidies, whether direct premium subsidies, tax incentives, or donor-support mechanisms, play in enabling scale and influencing long-term sustainability?

Insights were gathered through a literature review and field interviews conducted in August 2024 in Suva, Fiji, with government entities, private sector players and donors. The information presented in this case study is a reflection of data shared by UNCDF and partners.

### Factsheet: Fiji

		INSURANCE PRODUCTS	
		Bundled life, accident, fire and funeral insurance	Parametric climate insurance
<b>Lead Actor</b>	 UN Capital Development Fund (UNCDF)		
<b>Partners and Roles:</b>	<p><b>Underwriter:</b></p> <ul style="list-style-type: none"> <li>• FijiCare Insurance</li> </ul> <p><b>Group Policy Holders:</b></p> <ul style="list-style-type: none"> <li>• Ministry of Women, Children and Social Protection (covering approximately 100,000 beneficiaries)</li> <li>• Sugarcane Growers Council (approximately 10,000 beneficiaries, mostly smallholder farmers)</li> </ul> <p><b>Funder:</b></p> <ul style="list-style-type: none"> <li>• Ministry of Women, Children and Social Protection</li> </ul>	<p><b>Underwriter:</b></p> <ul style="list-style-type: none"> <li>• SUN Insurance</li> <li>• Tower Insurance</li> </ul> <p><b>Group Policy Holder:</b></p> <ul style="list-style-type: none"> <li>• Ministry of Women, Children and Social Protection (covering approximately 4,000 beneficiaries)</li> </ul> <p><b>Funder:</b></p> <ul style="list-style-type: none"> <li>• Partially subsidized by Reserve Bank of Fiji and Ministry of Women, Children and Social Protection</li> </ul> <p><b>Product Design:</b></p> <ul style="list-style-type: none"> <li>• UNCDF in consultation with range of stakeholders including the Reserve Bank, Ministry of Women, Children and Social Protection, and cross section of beneficiaries</li> </ul>	
<b>Target Beneficiaries</b>	<p>Social Protection Beneficiaries</p> <p>Note: The product also covers non-social protection beneficiaries, but this case focuses on the distribution of this product through social protection networks</p>	Social Protection Beneficiaries	
<b>Years Active</b>	Launched in 2017 and expanded to social protection beneficiaries in 2018	2021 - present	
<b>Pathway Connections</b>	 Premium Financing Mechanisms  Distribution		

## Key Findings

- Social protection (SP) networks can deliver inclusive insurance at scale when there is upfront integration between insurers and SP networks and sustainable premium financing (see next point). Effectiveness increases when the social protection ministry acts as a group policyholder, leveraging beneficiary registries, ID/authentication rails, and payment mechanisms. Fiji illustrates that using government outreach networks can expand coverage and reduce acquisition costs.
- Distribution networks are necessary but not sufficient. Affordability remains the binding constraint: while the bundled product has reached 100,000+ beneficiaries through SP networks, the parametric climate offering has scaled far less due to higher data and operational complexity, climate risk volatility, and elevated costs. In short, new channels can expand reach, but without solutions to finance premiums, distribution alone will not deliver sustainable, large-scale coverage.
- Supportive government policies can enhance the affordability of inclusive insurance, particularly for climate-related products. Tax incentives can represent a new opportunity beyond traditional subsidies which are hard to secure since subsidies must be funded each fiscal year and create ongoing, visible budgetary pressures. A Value Added Tax (VAT) exemption does not require annual cash allocations. Such exemptions lower end-user costs without distorting market price signals as heavily as subsidies.
- Emerging solutions are beginning to address the economic viability challenge. UNCDF has launched an Insurance Guarantee and Financing Facility (IGFF) to address systemic constraints in small island developing states, where insurers lack the capital, liquidity, and data to provide affordable climate risk insurance.
- Partnering with the Ministry of Women, Children and Social Protection in Fiji enabled a gender-focus. Insurers should co-create gender-intentional inclusive insurance products with women's networks and organizations to ensure that they

are informed by the realities of women and can effectively reach them.

## THE OPPORTUNITY

### Public private partnership for effective protection of the most vulnerable

Low-income communities, who are most vulnerable to natural disasters, traditionally depend on government assistance for recovery. However, in the Pacific islands, governments face repeated fiscal strain after climate shocks. At the same time, commercial insurance often fails to reach those most in need given the challenges of distribution and affordability. A practical pathway involves transferring climate risk to the insurance industry while utilizing existing social protection systems as the distribution and servicing backbone. In this approach, the government leverages private sector capital and expertise, and insurers, in turn, tap into national social protection networks to reach vulnerable households efficiently and equitably.

Launched by UNCDF in 2008, the Pacific Financial Inclusion Programme (PFIP) demonstrated how public-private collaboration can expand access to savings, credit, insurance, and payments for low-income and underserved communities across the Pacific Islands. PFIP catalyzed partnerships among governments, financial institutions, and mobile network operators, building channels that can deliver climate risk protection through social protection platforms.

Given that climate risk is a large driver of budget volatility for households and the state, a public-private partnership becomes compelling: insurers shoulder the risk and price the product, while social protection systems serve as the enrollment and payout infrastructure. By integrating insurance products into social protection delivery, Fiji and other Pacific Small Island Developing States (SIDS) can turn a persistent constraint—strained public budgets and limited insurance reach—into a scalable solution for climate resilience and financial inclusion.

## THE EVIDENCE

# Implementation of inclusive insurance through social protection networks

This evidence examines two related insurance tracks:

1. how a bundled insurance product evolved to be distributed through social protection networks; and
2. how a new parametric climate insurance product was introduced to test the role of insurance within those same networks.

FijiCare, a long-established commercial insurer in the Fijian market supported by UNCDF, designed a bundled inclusive insurance product in 2017—an innovative package that combines term life insurance, funeral expense support, fire damage protection, and personal accident insurance into a single offering. The concept was pilot tested with sugar cane farmers, with premiums paid by the Sugarcane Growers Fund, which is part of the Sugarcane Growers Council (the apex body for all cane farmers) and serves as a financial institution offering loans to cane farmers. The product proved slightly profitable and, more importantly, the market response was immediate; demand increased significantly among the farming community as soon as payouts were made.

Following the success with sugar cane farmers, the Reserve Bank of Fiji Governor proposed extending the program to social welfare beneficiaries as a policy intervention. Launched in 2018, the initiative was entirely government-funded, with the Government of Fiji covering the annual premium of FJD 60 (approximately USD 26) for each eligible beneficiary. This strategic public-private partnership aimed to ensure that vulnerable populations—particularly low-income and elderly individuals, single mothers, and women who encounter social and economic hardships—could access essential financial protection without incurring any direct cost.

The policy entitled beneficiaries to claim up to FJD 10,000 (approximately USD 4,400) per year, depending on the nature of the event and the age of

the claimant. In 2020, a sliding scale was introduced to calibrate benefit levels more precisely based on these factors. This adjustment was implemented to enhance the financial sustainability of the scheme, given the high proportion of older beneficiaries, many of whom were over the age of 65 and enrolled in Fiji's social pension scheme. Since 2017, over 100,000 social protection beneficiaries per year have been covered by the bundled inclusive insurance product, with budgetary support continuing from the Government of Fiji.

After successfully implementing bundled inclusive insurance, Fiji's financial stakeholders identified an opportunity to address climate-related risks through another innovative insurance solution. Parametric insurance schemes help to overcome disbursement delays during large-scale disasters and ease substantial strain on public finances.

The first climate parametric insurance was piloted in August 2021 by FijiCare, with support from UNCDF. The product was based on wind speed and preliminary results revealed the need for a rainfall component, which was shortly added in 2022 and triggered the first payouts. Local provider SUN Insurance and the regional New Zealand-based Tower Insurance rapidly entered the market as well with, respectively, a wind and rainfall product and a wind-only product.

UNCDF and the Ministry of Women, Children and Social Protection agreed to pilot climate parametric insurance for social welfare recipients, particularly women. An adapted version of SUN Insurance's product was specifically developed for social welfare beneficiaries. It maintained the same basic structure but with adjusted coverage amounts up to 400 FJD (177 USD), compared to 1,000 FJD (442 USD) for the commercial product, and reduced premium rates. During the 2021 – 2022 season, the product was piloted with 274 households, with premiums subsidized for the first year by the World Food Programme (WFP), and coverage expanded to 2,000 households in 2022 – 2023. In the 2024 – 2025 season, 132 beneficiaries received payouts, totaling 6,600 FJD (2,920 USD). The sum insured for the 2025 – 2026 season

was increased to 500 FJD (220 USD) with coverage expanded for both cyclone and excess rainfall, covering 4,000 beneficiaries.<sup>1</sup> The targeting of beneficiaries was done by the Ministry based on identifying the most vulnerable groups (like single women and mothers), persons with disabilities, those living below the poverty line, and identified climate vulnerable locations. Premiums are now subsidized by the Reserve Bank of Fiji under the InsuResilience Solutions Fund.

## Key Enablers

Fiji's experience demonstrates three key enablers for making inclusive insurance linked to social protection viable.

### 1. PREMIUM FINANCING THROUGH TAX INCENTIVES AND GOVERNMENT SUBSIDIES

The sustainability of the bundled inclusive insurance program hinges significantly on government support through premium subsidies. This arrangement has established a stable foundation for the program by ensuring a predictable revenue stream for insurers through a guaranteed beneficiary volume. From a technical perspective, the risks covered by the bundled product are well-documented with extensive historical data, making risk assessment and pricing relatively straightforward for insurers.

For the parametric product, SUN Insurance—a small, locally focused insurer—implements a model heavily dependent on achieving sufficient scale, with donor support and subsidies playing a transitional role until that scale is reached.

Lastly, the Fijian government has provided innovative support for parametric insurance through a strategic VAT exemption policy. Initially planning to subsidize premiums for social welfare beneficiaries, fiscal constraints following the COVID-19 pandemic led to

a shift in approach. Rather than committing direct premium subsidies, which would have required ongoing budget allocations, the government opted to forgo revenue through VAT exemption on parametric insurance products. This policy decision proved particularly effective as it extended benefits beyond the initially targeted social welfare beneficiaries to encompass the entire parametric insurance ecosystem, making the product more affordable for all potential clients while maintaining fiscal sustainability.

Globally, the debate on premium subsidies is unresolved. Tax incentives can provide another opportunity for improving the affordability of insurance products without distorting price signals or committing government budgets. Fiji is one of the few countries to have successfully obtained the VAT waiver on climate insurance products and can be a valuable use case for other countries. This approach offers a replicable fiscal lever for governments seeking to expand climate insurance affordability, particularly in markets where this is a new product, as governments are not required to forgo any revenue.

### 2. THE MACRO-TO-MICRO SCHEME STRUCTURE

A single contract exists at the government level, which significantly reduces administrative complexity. The social welfare program acts as an aggregator, facilitating both beneficiary onboarding and payment distribution through established welfare channels. A key advantage of this approach has thus been the efficiency of scale. By integrating with existing social welfare systems, the program achieved immediate scale without incurring the substantial marketing and customer acquisition costs typically associated with commercial insurance products. This mass onboarding of beneficiaries has allowed insurers to distribute fixed operational costs across a larger customer base, making the program cost effective despite the relatively low premium per beneficiary. Moreover, unlike commercial clients who predominantly use mobile

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<sup>1</sup> USD values are based on the Fiji Government's February 2026 exchange rate (FJD 1 = USD 0.4421) rounded up.

money accounts, social welfare beneficiaries typically have traditional bank accounts due to their long-term participation in the welfare system<sup>2</sup>. This banking infrastructure, already in place for regular welfare disbursements, provides a ready-made channel for insurance payouts.

### **3. LINKING INSURANCE TO BROADER POLICY AND FINANCIAL INCLUSION GOALS**

Fiji benefits from a favorable and relatively mature insurance environment, with the Reserve Bank of Fiji actively promoting insurance market development as part of its broader financial inclusion goals. Since 2010, the country has maintained an Inclusive Insurance Working Group within its National Financial Inclusion Taskforce, providing UNCDF, through both PFIP and later PICAP programs, a counterpart for dialogue and technical support. As a result, UNCDF has placed a dedicated technical consultant to support the Reserve Bank in the implementation of its insurance products. This close partnership has opened doors with other government ministries. Moreover, the initial bundled package was able to achieve scale as the government extended the program to social welfare beneficiaries as a policy intervention.

## **Challenges**

Leveraging social protection networks for the delivery of inclusive insurance also faced some challenges that highlight areas of attention in the delivery of insurance to social protection beneficiaries.

## **1. OPERATIONAL CHALLENGES**

In the absence of a direct connection between social protection systems and the insurer's system, manual data exchanges need to take place monthly for invoicing purposes, and on demand for each claim to check a beneficiary's eligibility on the date of a given event. Payment information also needs to be collected by the insurer whenever a claim arises directly from a beneficiary, rather than obtained through the program. Furthermore, there exists a delicate balance between achieving economies of scale for the insurer and managing operational costs for the social protection program. Although the large-scale approach reduces per-beneficiary costs for the insurer, it can impose a significant operational burden on program staff. In this case, a good share of claims is first directed at social workers who must then liaise with the insurer, in addition to their primary social protection responsibilities.

## **2. AFFORDABILITY**

Pricing parametric insurance products highlighted the unique complexity of modeling high-intensity, low-frequency events. This is particularly challenging given the limited historical data available for accurate risk assessment for the parametric product. Insurers established premium rates ranging from 7.5 to 10 percent of the sum insured, with SUN Insurance charging 10 percent for its comprehensive wind and rainfall product and Tower Insurance offering a wind-only product at 7.5 percent. Tower has recently introduced a stand-alone rainfall product in areas affected by rainfall, but not cyclones. The pricing structure reflects challenges between affordability and sustainability, with insurers noting that going below 10 percent raises sustainability concerns while simultaneously creating affordability challenges for potential clients.

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<sup>2</sup> Mobile money has taken off since COVID-19, with active users representing over 60 percent of the adult population (Reserve Bank of Fiji 2024).

### 3. SUBSIDY FUNDING AND EXPECTATION CHALLENGES

Despite enabling broad access to bundled inclusive insurance, subsidies come with some drawbacks. First, the product design tends to be driven by budgetary constraints rather than customer needs, as the premium level is determined by what the government can afford to subsidize rather than what beneficiaries require for comprehensive coverage. For example, coverage decreased during COVID-19 due to budget constraints. Second, subsidies create a lock-in effect: once established, the government finds it difficult to discontinue the insurance subsidy without facing significant political backlash. Moreover, this situation is compounded by limited prospects for beneficiaries ‘graduating’ from social welfare to become self-paying customers, as most remain dependent on government support for their insurance coverage.

## The Next Frontier

While Fiji provides a strong case for how social protection systems can distribute insurance at scale, several elements are context-specific, including strong policy support, long-standing UNCDF engagement, and existing social protection networks. At the same time, the case also surfaces lessons that are highly transferable to other markets: the need for operational efficiency, the importance of subsidy design (including tax levers), and the necessity to determine viable approaches to premium financing. These cross-cutting insights shape the recommendations to social protection networks and insurers below.

### RECOMMENDATIONS FOR SOCIAL PROTECTION NETWORKS:

- **Use policy levers to enable inclusion at scale:** Governments can integrate insurance into social protection frameworks and calibrate subsidies and tax incentives to expand coverage. These choices involve fiscal tradeoffs; transparent targeting and periodic review help maintain sustainability.

- **Leverage new models for affordability:** Large scale distribution through government networks can lower distribution costs. However, they do not solve the challenge of affordability entirely. A 10 percent premium cost remains high, with new solutions still needed to resolve the economic viability of inclusive insurance. UNCDF has launched an Insurance Guarantee and Financing Facility (IGFF) to address systemic constraints in small-island developing states, where insurers lack the capital, liquidity, and data to provide affordable climate risk insurance.

### RECOMMENDATIONS FOR INSURERS:

- **Insurers need to invest in operational processes:** Parametric insurance often falls short on data collection and claims payment. Co-design data pipelines, verification protocols, and payout mechanisms with social protection agencies, test them through pilots, and iterate before scaling.

### GENERAL RECOMMENDATIONS:

- **Leverage development organizations to support and sustain public–private collaboration:** Development funding is declining, but multilateral and philanthropic actors still play a key role in aligning government objectives with private sector capabilities.
- **Commit to long-term investments in inclusive insurance:** Building inclusive insurance via government networks takes time. Private insurers and governments need multiyear commitments, patient capital, and phased rollout plans to achieve scale and maintain service quality.
- **Engage in multistakeholder collaboration:** Government networks can play a key role in expanding outreach. Social protection programs are a powerful distribution mechanism to reach vulnerable populations in need of insurance protection.

## Reference

Reserve Bank of Fiji. 2025. *Financial Inclusion Annual Report 2024*. <https://www.rbf.gov.fj/financial-inclusion-report-2024/>.

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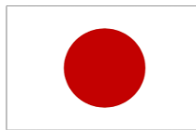
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