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How this agri-insurtech player is helping dairy farmers reduce income loss due to excessive heat

By Neha Dewan, ET Online | Last Updated: Apr 25, 2024, 10:06:00 AM IST

Synopsis

IBISA's heat stress solution aims to revolutionise the industry by a cost-effective way to mitigate climate risks and enhance the sustainability of dairy farming in India.



In the times ahead, IBISA plans to continue crafting tailored insurance products to address various climate risks in the agriculture sector.

In a bid to protect dairy **farmers** from income loss due to heat stress, agri-insurtech platform **IBISA** (Inclusive Blockchain Insurance using Space Assets) has launched a heat stress solution to mitigate the various risks associated with climate change.

By using satellite technology, the solution boasts of offering comprehensive coverage against the drastic reduction in milk yield, a common occurrence during excessively high temperatures in the summer months. The significant decline in milk yield, estimated at 30-35% during severe heat waves, leads to revenue losses due to heat stress.

Balachandran MK, IBISA's Head of Growth for Asia, says that the solutions will help to enhance the sustainability of dairy farming in India. "As climate risks escalate, the demand for comprehensive insurance solutions in the agritech sector has intensified. We have witnessed a consistent growth in the acceptance of our products, owing to their scalability, affordability and adaptability," he says.

Two key factors, he states, that have helped them grow include the simplicity of product design and risk monitoring tools during the coverage period which increases transparency during payout scenarios and in building trust in the insurance products.

The company started by covering around 23,000 livestock in a pilot phase and has so far taken that number to beyond 100,000. “Over the last couple of months, we have partnered with a couple of leading agritechs in India and insured more than 45,000 units last year. This year, we hope to grow the number to 5x considering there are new partnerships in the pipeline,” Balachandran adds.

The product is currently operational in select districts of Maharashtra, Uttar Pradesh, Madhya Pradesh, Rajasthan and Gujarat. The company anticipates expanding its reach in the coming months through collaborations with multiple milk unions and key partners within the dairy value chain.

In the times ahead, IBISA plans to continue crafting tailored insurance products to address various climate risks in the agriculture sector. “Beyond our current offerings, we are exploring ways to fulfil unmet needs, such as those in the poultry industry and heat stress for human beings. Our goal is not only to provide cover against climate risks, but to enhance the resilience of businesses and their value chain getting impacted by weather uncertainties,” Balachandran states.

The focus will be on **renewable energy**, agri and allied sectors to provide communities with affordable climate-risk mitigation solutions.

With a subsidiary established in India in 2023, IBISA is looking to expand its footprint across the APAC and West African regions. It also offers other weather-based insurance, loan protection products to serve agri and allied stakeholders to deal with climate uncertainties, secure the livelihoods of the marginalised farmers, informal workers and promote business sustainability of institutions.