

Willis and Rare partners to launch innovative insurance solution for fishers in the Philippines

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The Government of the Philippines, through the Bureau of Fisheries and Aquatic Resources (BFAR) and the Philippine Crop Insurance Corporation (PCIC), has partnered with global conservation organization Rare and Willis, a WTW business, to launch the country's first parametric insurance solution for small-scale fishers.

This project has been developed through support from the Ocean Risk and Resilience Action Alliance (ORRAA) with funding from the Government of Canada and the UK Government's Blue Planet Fund.

The partnership is aimed at protecting the livelihoods of 14,200 small-scale fishers, across 24 coastal municipalities in the Philippines through parametric insurance, designed to mitigate income losses resulting from adverse weather conditions that prevent safe fishing in nearshore waters. With changing weather patterns, protecting the livelihoods of small-scale fishers is a national priority for the Government of the Philippines; to expand livelihood protections, BFAR is piloting this coverage as a benefit to fisher registration.

BFAR will serve as the policyholder for the pilot, offering parametric insurance coverage to small-scale fishers as a benefit for fisher registration and commitment to sustainable fishing practices. It has allocated a portion of its budget to fund the premium costs for this pilot, demonstrating strong government support for innovative approaches to climate risk. The coverage will provide up to US\$100 per policy cycle to help offset income loss from dangerous weather. "This is not just insurance, it is an investment in our fishers," said Roy Ortega of BFAR, who also leads the Technical Working Group on Parametric Insurance. "We're protecting those who protect our seas."

Dr Christopher Au, Head of APAC Climate Risk Centre, at Willis, said: "With over 1.9 million registered small-scale fishers relying on the nearshore for their livelihoods, the impacts of climate change, such as high winds, rough seas and heavy rainfall, pose increasing risks to their safety and income. The new insurance solution, the first of its kind in the Philippines, uses a weather index based on wind speed, sea state and rainfall to determine payout eligibility, ensuring timely and direct compensation to fishers when fishing days are lost."

The parametric risk transfer capacity is provided by The Natural Disaster Fund, a public-private partnership between the UK and German Governments and supported by Hannover Re and managed by the team from Global Parametrics Limited (a subsidiary of CelsiusPro Group specializing in parametric protection against climate and natural disaster risks). Designed to be affordable and scalable, it will offer timely and predictable financial support to fishers when weather conditions are unfavorable. The solution utilizes a parametric index that is calculated over five-day periods and compared against historical data to determine the "severity" of the weather relative to expected conditions. Insurance coverage will be provided to fishers who formally register and commit to sustainable fishing practices.

"Bad weather can cause serious hardship for fishing households throughout the tropics. This pilot takes a proven product - parametric insurance - and applies it to a new context, insuring people rather than assets. The result will be less financial pressure on households, less fishing pressure on ecosystems, and more resilient coastal communities," said Brett Jenks, CEO of Rare.

"As climate change intensifies and weather patterns become increasingly unpredictable, small-scale fishers face mounting risks to their safety and livelihoods," said Chip Cunliffe, Senior Director of Innovation and Pipeline Development at ORRAA. "This partnership represents a vital step in building market-ready solutions that deliver innovative financial solutions like parametric insurance to help protect income and build the resilience of climate vulnerable coastal communities in the Philippines."

"This is an important first for PCIC as we explore revenue-based parametric insurance for fishers," said Israel Q. De La Cruz, Department Manager at PCIC, who is directly involved in the pilot. "We see this as a complement to our existing coverage, offering a faster, data-triggered option that can respond when fishers are unable to go to sea. If the pilot proves successful, we are hopeful it can evolve into a nationally scalable tool for protecting coastal livelihoods."