

## Case Study: Blue Marble Colombia

### Co-design, Subsidies and Private Sector - Incentivise Enrolment

#### Why This Case Matters

Tailored index insurance design and strong partnerships with private sector and farmer cooperatives can enable long term sustainability, while subsidies support uptake and demonstration of benefits.

#### Colombia Context: Agricultural, Climate and Financial Inclusion

While agriculture involves a relatively small proportion of the population and land area in Colombia, it is the second largest exporter of coffee globally.

Smallholder farmers face multiple vulnerabilities, including high rural poverty rates and repeated La Niña and El Niño cycles of high temperatures, drought and flooding.

Financial access is limited; however, the government provides preferential interest rates on farmers' loans and subsidises up to 90% of insurance premiums for smallholders.

#### Colombia Insights\*

##### > Agriculture Scope

- 14% employed in agriculture
- 6% are female
- 38% land area is agricultural

##### > Vulnerability

- 45% rural poverty

##### > Financial Services

- 40% unbanked
- 22% use mobile money

##### > Climate risks

- Increased extreme heat risk, Increased frequency and prolonged drought, changing rainy seasons, and desertification

#### About Blue Marble

Blue Marble is a socially oriented Insurtech owned equally by six insurance organizations[1] with a mission to provide impactful, commercially viable insurance protection to the underserved. With operations across Latin America, Sub-Saharan Africa and South and Southeast Asia, Blue Marble develops customized parametric insurance models and provides access to reinsurance solutions.

#### Blue Marble Colombia and SCBF's Role

Under its flagship Café Seguro program, launched in 2018, Blue Marble partnered with Nespresso and Seguros Bolivar, a leading insurance provider in Colombia. Through Café Seguro, Blue Marble provides parametric insurance to coffee farmers against drought and excess rainfall, tailored to local microclimates. SCBF [funding](#) enabled Blue Marble to

[1] Aspen, Grupo ASSA, MAPFRE, Marsh McLennan, TransRe and Zurich Insurance Group

\*Sources: [World Bank](#) (ILO modeled data, 2023, FAO data 2022); World Bank Global Findex Database. World Bank [Poverty & Equity Brief: Colombia](#), 2023 (rural poverty data, 2021), [Climate Risk Country Profile: Colombia](#), 2023



solidify a strong delivery model for index insurance for coffee farmers that could be replicated. The technical assistance grant was used to:

- Refine farmer communication materials and channels.
- Training for value chain partners on the index insurance product to promote awareness among farmers.
- Develop and test insurance indices adapted to different cooperatives in several regions of Colombia.
- Monitor index performance after each phenological stage and collect feedback from farmers to support product improvements and renewal.
- Improve processes through technology for payments, customer registration and partner interactions.

## Achievements & Innovations

*Café Seguro* has shown how customized products, peer networks, and responsive processes can drive uptake. The pilot index insurance products reached 7,000 smallholder coffee farmers, 26% women. Two years after SCBF technical assistance funding was completed, Blue Marble reached a total of 40,000 new farmers with CHF 7.4 million in payouts.

- **Tailored design enables insurers to meet the needs of vulnerable farmers.** Products were adapted to microclimates, cooperative budgets, and subsidy availability, reducing basis risk and resulting in a high degree of customer satisfaction. The insurance safety net was well matched to vulnerable customers – 67% of *Café Seguro* customers would find it difficult to come up with emergency funds and 63% of farmers were satisfied by the economic relief from payouts, protection from shocks and ability to purchase inputs.[2]
- **Strong partnerships encourage farmer enrolment through aggregators.** *Café Seguro* united several key players in the coffee value chain, including Nespresso and Fair Trade who incentivised coffee farmer cooperatives to enrol in insurance. Group policies through farmer cooperatives were effective channels to pilot and scale index insurance and key partners in delivering insurance education and awareness training.
- **Subsidies and payouts have a strong demonstration effect.** Farmers needed to see the product in action. Subsidies made it easy for farmers to try the insurance for the first time and once payouts occurred, trust spread quickly through cooperatives, spurring broader adoption. Over 60% of farmers reported improved quality of life, 36% said their financial stress decreased and 65% felt more prepared for a climate shock.[3] Peer communication of positive effects has an important domino effect for products like insurance where tangible benefits are not immediate.
- **Technology can help streamline payout processes, even in areas of low mobile money use.** Farmer feedback led to simplified forms, clearer communication, and the introduction of mobile wallet payouts, which increased satisfaction and convenience.

[2, 3] Blue Marble Colombia Impact Performance Report, 60 Decibels commissioned by SCBF. April 2025.



These results show that index insurance, when well-designed and trusted, can deliver both financial protection and broader improvements in resilience and well-being.

## Challenges

Insurance literacy remains low, with farmers prioritizing credit and inputs. Index insurance is often perceived as complex, and basis risk persists despite customization. Distribution is costly in remote areas, requiring strong cooperatives. Agricultural insurance is often seen as unattractive by insurers due to its complexity and low margins, slowing broader adoption.

- 1. Farmers prefer cash and digital channels present obstacles.** While digital channels facilitate quick and transparent distribution of insurance payouts, the benefits may be lost if farmers are not accustomed to using mobile money or mobile banking applications. In Colombia, mobile wallet usage is low, and older farmers enjoy the social activity of meeting in urban centres to visit the bank and obtain their payout indemnity.
- 2. Government subsidies are consistent, but maintaining affordable coverage may become a long-term challenge.** In Colombia, the government has consistently provided subsidies for agricultural index insurance. When budgets are reduced, and subsidies are absent, insurers reduce coverage to make premiums more affordable. The long-term challenge will be to maintain meaningful coverage that farmers can afford, engaging supply chain actors to contribute to premium support. A declining loss ratio trend (along with a decrease in average premium price) over two years, reflects Blue Marbles' move towards sustainability.



*Pic Courtesy: Blue Marble, Project in Colombia*

## Future Outlook

Scaling *Café Seguro* will depend on embedding insurance into agricultural supply chains, including credit, input financing, and crop purchase agreements. Strengthening aggregator partnerships and maintaining subsidies will be key in the short term. Over time, improved digital tools and farmer education will be critical for efficiency and trust.

## Key Takeaway

### ***Blue Marble's Colombia Experience: Subsidies for Uptake, Value Chains for Sustainability***

Technical design alone is not enough - successful index insurance depends on trust, peer influence, and integration into value chains. Subsidies catalyse uptake, but sustainability requires aligning incentives across cooperatives, buyers, insurers, and government, while tailoring products to farmer realities.

- **For donors:** Target premium subsidies for vulnerable farmers in areas of high rural poverty with low access to financial services. Encourage public-private partnerships to develop sustainable strategies for agricultural safety nets and market growth.
- **For practitioners:** Engage value chain stakeholders to participate in risk mitigation strategies that not only benefit farmers but the whole chain. Co-design with farmers to capture microclimate differences and reduce basis risk.

## Other project related documents:

- [Project Factsheet](#)
- [Project Final Report](#)
- [Project Outcome Study](#)

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