Filling the knowledge gap

How far do fishers travel from the coastline in order to catch fish? What is the likelihood of having an accident while out fishing? And, do they have their own fishing boats? To answer these questions and more, research was conducted in fishing communities across Fiji in 2018. The team interviewed more than 350 fishers in the southern parts of the country, on the island of Kadavu, western areas of Viti Levu, stretching from Sigatoka to Tavua and in the northern parts of the country, in Vanua Levu. Combined, this information provides insurance companies with the facts and evidence they need to assess the market potential for specified insurance products for fishers.

In partnership with the Pacific Community (SPC) and the Ministry of Fisheries in Fiji, the Pacific Financial Inclusion Programme is set out to fill this knowledge gap amongst insurers. This publication is financially supported by the Russian funded Disaster Resilience for Pacific Small Islands Developing States (RESPAC) project, at the United Nations Development Programme (UNDP) Pacific Office in Fiji.

1From the 350 fishers interviewed, 90 were women.
Fishing Communities in Fiji

In Fiji it is estimated that there are approximately 40,000 fishers\(^2\) and 1,529 boats\(^3\).

Gone fishing

Fishers go out on the water ahead of market days.

These trips range from a few hours to a couple of days.

Nearly 75\% of the respondents have a license to fish.

If a specific insurance product is indeed developed for the fishing community, having a license will most likely be a requirement for signing up.

This could make the eventual pay-out of claims more efficient and less subject to fraud.

The majority of fishing trips, around 70\%, last less than a day.

Fishers move out up to 50km from the shore.

This is where they typically catch reef fish. Just over half of the people interviewed said they also free dive.

The catch is typically sold at local or regional markets and two thirds of interviewees earn between FJD 200 and FJD 500 per week. For the majority of the respondents, this is their main source of income.

Boats

44\% of the respondents own their boat.

Two thirds of these boats are made of fiberglass and the rest are made of wood. A Fiji Government scheme provides grants\(^4\) for fishers to buy boats at a subsidized cost.

Boat sizes range between 23 to 28 feet long and are relatively new, of which the majority were bought during the last six years.

Owners value their boats at between FJD 5,000 to FJD 10,000 (US$ 2,350 and US$ 4,700).

7\% of fishers use boats that are family owned and 3\% communally own a boat. The remaining fishers borrow or rent other people’s boats or are part of a crew on fishing trips.

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\(^1\)http://www.fao.org/fishery/facp/FJI/en
\(^3\)Conversion rate as of March 2019.
\(^4\)An overview of the Ministry’s current portfolio can be found here: http://www.fisheries.gov.fj/index.php/capital-projects
Risks fishers face

By better understanding the risks that fishers face, how they perceive those risks and the actions they take to deal with them, insurers can get insights that can be used to help design a suitable insurance product.

Interviewee feedback reveal that awareness of insurance is relatively low. For instance, 60% of people interviewed on the island of Kadavu said that they had never heard of insurance before. Fishers generally do not know how insurance works, but once they had been provided with an explanation, almost all found value in the idea of insurance and wanted to hear more.

Accidents

A quarter of those interviewed confirmed they felt the risk of having an accident while working out at sea. Most people however, are not concerned about accidents when they are not fishing.

Death

When asked about the risk of death while on fishing trips, most fishers said this did not worry them. They considered themselves experienced fishers who get regular weather updates and closely monitor weather conditions, therefore abide by weather warnings.

Tropical cyclones

As for their equipment, fishers ensure that they reduce the chance of damage or loss during tropical cyclones. People cope with cyclone risks in several ways such as turning their boats upside down, moving the boats to more sheltered areas, or filling them with water. Fishers also detach the engines from their boats and move them to safer locations.

Climate change impacts

With the potential threats posed by climate change on their way of life, fishers said they were not overly worried about the possible impacts.

Government policy

However, fishers are concerned about bans imposed by Government on common fish species during breeding seasons. Fishers are more concerned about these measures than the possible impacts of climate change mentioned above.

Weather conditions

Fishers also worry about the weather, as unfavorable weather conditions may lead to shorter fishing trips or having to return to shore without a catch. Some fishers indicated that extreme weather conditions increases the risk of accidents, particularly for fishers who take trips that last more than 24 hours.

Discussions on themes such as changes in ocean temperature, pollution, reduced stocks due to overfishing or changing fish migration behaviour, most respondents concluded this would not impact their overall catch. This may suggest that fishers regard these threats to their livelihoods as more long term or more conceptual.
Potential for Tailored Insurance Product

Access

This research provided useful data and insights that can help shape the design of a new insurance product and its distribution. For instance, 20% of the interviewees indicated that insurance payments could be made via community leaders like the village headman.

Other possible insurance distribution points could be at fish markets, fishing equipment shops or ice sales points. Over two thirds of people interviewed said that they would prefer an insurance policy that was available from the Ministry of Fisheries.

This suggests that fishers trust this institution to provide insurance, which could be distributed through the Ministry’s 19 offices around the country.

Affordability

When asked about the amount they would be willing to pay for insurance, majority of those interviewed mentioned payments of around FJD 5 (US$ 2.35) per week.

In partnership with FijiCare Insurance Limited, the Pacific Financial Inclusion Programme developed a bundled microinsurance which costs FJD 1 (US$ 0.41) per week. This product, also developed for groups, such as farmer cooperatives, provides cover up to FJD 10,000 (US$ 4,583) per year.

Market demand

It is evident from this research that fishers are interested in insurance and see the need for it. The large majority of interviewees in the northern part of the country rated insurance usefulness very high, at five, on a scale from zero to five. The results from this research clearly indicate that there is an unmet demand and a gap in the market for a specific insurance product or products targeted at fishers.

Where do we go from here?

The Pacific Financial Inclusion Programme is currently exploring opportunities to develop a tailored insurance product for fishers with four insurance companies in Fiji.

Possible insurance products could include:

- Boat and engine coverage.
- A bundled microinsurance package, for example, a microinsurance product that covers fishers and their spouses for life insurance, plus some cover for the boat and the engine.
- Boat and engine coverage, plus personal insurance or life cover, providing a fixed amount of benefit.


Stay updated on further developments on this project and more: www.pfip.org or email pfip@uncdf.org.

Photo: John Rea 2019