

# AgriSure

## Introduction

Our fintech startup idea, AgriSure, is an innovative agriculture insurance platform focused on providing affordable and easily accessible mobile microinsurance solutions to small-scale farmers in Malaysia. Our mission is to offer guidance, peace of mind and financial stability to micro farmers, addressing risks like crop failure, natural disasters, and acts of God.

AgriSure achieves groundbreaking affordability and accessibility through full utilisation of mobile technology and the Pay-as-You-Go (PAYG) billing method. Additionally, AgriSure provides local agent support to assist farmers with all insurance processes. Lastly, AgriSure enhances peace of mind by including beneficial features on its platform like detailed weather forecasts and updated market prices of crops.

## Competitor analysis

The market of agricultural insurance for Malaysia as of 2024 is notably unique as there is no agricultural insurance currently available, no insurance institution or Insurtech company provides offerings of comprehensive suite of products specifically tailored for the agricultural sector. The very lack of competitors highlights a gap in the market, whatever current insurance products employed by farmers, micro farmers and agribusinesses are typically offered by existing general insurance companies however, they do not cover agricultural needs. This analysis will delve into the landscape of indirect competition, examining general insurance providers, financial services, and examples from another country they have employed agricultural insurance. By delving into these substitutes and their relative offerings, a more complete view of the competitive environment and potential opportunities within Malaysia's agricultural insurance market. (Malaysian RE, 2024)

Established in 1908, a wholly owned subsidiary of Great Eastern Holdings Limited and overall parent company Overseas Chinese Banking Corporation (OCBC) Limited, Great Eastern Life Assurance Berhad Malaysia is a leading life insurance provider in Malaysia. Renowned for its vast portfolio of insurance plans, includes but are not limited to life insurance

plans, investment-linked plans, mortgage protection, business protection, employee benefits, medical insurance, and group health benefit schemes. Great Eastern Life's employees use the use of its advanced technology platforms like the Unified Internet Portal (e-Connect) and the Mobile Point-of-Sales (MPOS) system. Platforms such as these are used to enhance their customer and agents allowing for seamless, real-time access to policy management and insurance products (Great Eastern Life, 2024)

As for an example for agricultural insurance from another country, the country chosen is Thailand for its similarity in region and distance to Malaysia. Thailand's agricultural insurance was developed to offer financial protection for their farmers for a myriad of risks like those in Malaysia. An insurance scheme enacted by the Bank for Agriculture and Agricultural Cooperatives (BAAC) is the Thai Rice Insurance scheme. Aimed at shielding rice farmers against natural disasters for example, droughts, floods, storms, and pest outbreaks. Furthermore, Thailand implemented livestock and crop insurance that cater to all facets of sectors of agriculture and aquaculture. Including the protections as well against disease, theft, and accidental death of livestock. The implementation of these insurance schemes aims to enhance the financial resilience of Thai farmers, ensuring the sustainability of the agricultural sector. (Agricultural Insurance Scheme Thailand, 2023)

## **Customer segments**

AgriSure is a platform determined to provide agriculture insurance to small scale farmers under livestock management, crop production, and fishermen located within rural or remote regions of Malaysia. It's targeted towards the reduction of potential risks that farmers and/or fishermen may encounter such as the physical protection of their crops, livestock, and the security of their jobs due to the fluctuations in demand and supply of their products. It was reported by Stutley (2022) that as of the year 2021, there had been no insurance implementations for the agricultural sector in Malaysia; It is in the Ministry of Agriculture and Food Security's agenda to increase the number and maintain its current industry players.

Partnering with government agencies and non-government organizations, remote farming communities will be able to respond to the possible impacts undergone, such as unpredictable events; Uncontrollable or unforeseen occurrences include extreme weathers, flooding, drought, diseases and others. This protects those from the primary sector, specifically

the agriculture sector, creating insurance plans supported by private and public companies, government agencies, etc. In addition, partnering with commercial banks like Agrobank, providing financial assistance to its specialisation and operational efficiency.

## **Value propositions**

AgriSure provides significant value through financial protection, accessibility, and community support. It offers affordable insurance coverage against risks like natural disasters, helping small-scale farmers mitigate losses and focus on farming. Leveraging a micro-insurance platform and PAYG model, AgriSure makes premiums affordable for those with limited resources and ensures that even farmers in remote areas can easily enrol, manage policies, and initiate claims using mobile devices. Local agents provide tailored insurance education and assistance, increasing financial literacy and building trust. Additional features like weather forecasts and market price information empower farmers to optimise profitability. Overall, AgriSure addresses diverse customer needs, supporting financial stability, accessibility, and community engagement in the agricultural sector.

AgriSure helps to solve the critical problem of farmers' financial instability due to agricultural risks. Farmers often face significant losses from crop failures, natural disasters, and acts of God. AgriSure provides affordable microinsurance that covers these financial losses, offering farmers the financial protection and stability they need to sustain their agricultural activities and support their families. This solution helps ensure that farmers can continue their work without the constant fear of devastating financial setbacks.

AgriSure satisfies multiple customer needs, which includes financial protection and stability by covering losses for crop failures, livestock health issues, and natural disasters. Accessibility of AgriSure is ensured through mobile technology, allowing farmers in remote areas to enrol, manage policies, and initiate claims via their mobile phones. AgriSure's affordability is addressed with a Pay-as-You-Go (PAYG) model, enabling farmers to pay premiums in small, manageable instalments via mobile credit deductions, e-wallets, or bank transactions. This satisfies small-scale farmers with limited resources' need for affordable insurance.

AgriSure offers a diverse range of products and services tailored to the needs of its customer segments. For small-scale farmers in Malaysia, AgriSure provides mobile micro-insurance for crop failure, natural disasters, and acts of God, with flexible PAYG financial services and local agent support for policy setups, payments, and claims. In rural and remote communities, AgriSure ensures accessibility through mobile technology and local agent support for insurance education and enrolment. For fishermen in aquaculture, AgriSure offers insurance for natural disasters, expert consultation. All farmers can benefit from AgriSure's tools like weather forecasts and market insights. AgriSure collaborates with government agencies and NGOs to extend coverage and promote financial inclusion initiatives, increasing financial literacy and inclusion in rural populations.

## Channels

Moving on, our goal to reach our customer segments can be met with the integration of advertisement, social media, word of mouth, door-to-door sales and social media. We raise awareness about our company's products and services using social media and advertisements to promote our agriculture insurance with the help of Search Engine Optimisation (SEO) to specifically target our demographic. In addition, being in contact with wholesalers such as suppliers and buyers that have business relations with agriculture customers aid reaching our demographic indirectly. Not only that, having our insurance agent contact customers directly to sell our insurance plan implementing a door-to-door sales method including educating our customer regarding the benefits and importance of agriculture insurance, whereas it may also indirectly benefit us from word of mouth from our clients to other possible customers maximising our demographic reach.

Our value proposition can be evaluated by our customers by the various agriculture insurance coverage plans provided such as crop failure, natural disasters and acts of God to cater to each customer with seamless payment functions such as PAYG financial service and mobile microinsurance with our local agent support to assist in all the necessary setups.

Payments on insurance can be done easily through our built-in app which offers the ability to pay with credit money from sim-card that will be auto deducted accordingly. There is an added option of micro insurance payment that splits one lump sum of insurance

premium payment into smaller payments for customers and the function of micro loans is also available to be leveraged to purchase our products and services which falls under our Pay-as-you-go (PAYG) services.

We provide the convenience of submitting insurance claims through the app seamlessly through smart contracts without a third party. All of our assigned local agents are always available to assist in any coverage for insurance.

The aftercare includes having agents in each region to respond physically to insurance related issues or educators in aiding farmers to solve or improve their agriculture skills. In app weather forecast system, market price display and educators to support farmers to maximise their profitability.

## **Customer relationships**

In Agrisure, we provide insurance services to meet the special needs of farmers and agricultural companies, including crop failure, animal health, and natural disasters. Agrisure offers various personal and reliable services by using local agents who get to know the cultural and economic backgrounds of our clients. By using consumer information, we can target and relate with our advertisements and products. Various integrated payment methods that support low-income farmers, including flexible pay-as-you-go options, enable farmers to pay premiums using their phones or monthly phone bills.

Time management solutions that save clients time and effort include automatic SMS reminders for payments and renewals, faster claiming process, and simple mobile platform access to policy information. Direct communication and support are available through our 24/7 customer care via phone, SMS, and online chat overseen with proactive engagement from representatives. This guarantees that customers get support and help by answering any of their questions or issues immediately.

Additionally, having local agents and open communication helps ensure that clients are fully informed of their rights and benefits. This helps build trust and reliability and helps increase confidence in Agrisure's services. Agrisure's use of local agents who understand the cultural and economic background of their clients enhances customer care by providing more personalised and relatable service, making it easier for farmers to trust and rely on the insurance

they receive. This open communication builds trust and confidence in Agrisure's services, reinforcing the company's commitment to its clients.

## **Revenue streams**

Our main source of revenue is the premium charge for the agriculture insurance plan provided which covers natural disaster, crop failure and acts of God to aid small scale farmers, aquaculture, and rural and remote farming communities. Not only that, there are added benefits to the insurance plans which include local agent support, weather forecast system and market price display. In addition, another source of income is the insurance float invested to improve profitability of the company.

Customers can pay online using debit card or credit with the added option of Pay-as- - You-Go (PAYG) that split payments into smaller and frequent payments to make it more affordable for small scale farmers.

## **Key resources**

AgriSure requires several key resources to effectively insure small-scale farmers. These key resources can be categorised into four types: Physical, Financial, Intellectual, and Human resources.

### 1. Physical resources:

While a headquarters is needed for AgriSure's central management, local support operations and customer services are provided by regional offices. Furthermore, servers and data centres are needed to securely store AgriSure's customer information and conduct transactions. Field agents require mobile devices, vehicles, and marketing tools, like educational brochures and posters, to aid farmers in understanding the need of insurance while also developing customer relationships.

## 2. Financial resources:

AgriSure needs start-up funding for setting-up operations, technology development, and marketing. Moving forward, an operational budget covering salary, and maintenance of IT infrastructure, headquarters, regional offices, and after-sales activities support are needed. Moreover, continuous technology investment and a robust marketing budget are essential for customer engagement and operational efficiency and having a claims reserve ensures coverage for early-stage claims.

## 3. Intellectual resources:

AgriSure needs insurance expertise for product design and risk assessment tailored to small-scale farmers. Additionally, SEO and agricultural knowledge, market research, and regulatory compliance are essential. When developing a user-friendly mobile app and AI solutions, AgriSure requires technology and blockchain expertise. Most importantly, enhancing service delivery and reach requires partnerships with mobile operators, finance institutions, and wholesalers.

## 4. Human resources:

AgriSure needs a diversified human resource team that includes experienced management, local field agents to engage communities, agricultural advisors, customer support staff, IT personnel, and a marketing team. Also, for product design, risk assessment, regulatory adherence, and maintaining customer relationships, AgriSure requires actuaries, underwriters, and a legal compliance team.

## **Key activities**

Following this, there are several key activities that can ensure the success of AgriSure. These key activities can be categorised into 3 types: Production, Problem solving, and Platform/network activities:

1. Production:

AgriSure's focus on product development ensures tailored solutions for farmers, covering crop failures, livestock health, and natural disasters. Even in remote areas, AgriSure's technology supports insurance management and claims processing. Moreover, while robust mobile platforms and efficient data systems streamline operations, localising in AgriSure ensures relevance by having field verification tools and educational programs, connecting farmers and agents.

2. Problem Solving:

Through meticulous actuarial analysis, AgriSure ensures precise risk assessment and pricing, and product refinement is informed by continuous monitoring. Local agents offering personalised support and education bolsters trust and a 24/7 helpline aids farmers with inquiries and claims. Moreover, workshops foster community engagement, and transparent communication builds trust. Guided by farmer feedback, real-time weather and market information empower decision-making.

3. Platform/network:

AgriSure's strategy leverages partnerships for holistic outreach. With MNOs, integration streamlines transactions and data sharing enriches services. Additionally, farmer associations and cooperatives amplify AgriSure's presence, while a strong agent network ensures local support. Furthermore, digital and traditional marketing channels widen AgriSure's reach and collaborations with financial institutions and NGOs fortify community ties and expand resources for sustainable growth.

**Key partnerships**

As mentioned above, AgriSure will partner with Agrobank, a Malaysian commercial banking company, determined to provide financial solutions and services to the agricultural

industry. The platform will perform with the assistance provided by local companies and banks for its payment services including Touch n' Go, commercial banks such as CIMB, OCBC, Maybank Islamic, and credit payments by utilising mobile networking plans by Celcom, Digi, Maxis etc. This creates an easy and accessible network between the community and the company. Farmers and fishermen are able to access and select a variety of service plans to benefit the survival of their business.

AgriSure serves as a distributor for local partnered companies like seed product companies including Leckat Corporation Sdn Bhd, Koon Huat (KHAG), and Advansia. Livestock management companies for real-time monitoring and control include TMOne Smart Agriculture, providing real-time livestock monitoring. TMOne provides IoT devices that monitor animals and their wellbeing, including their breeding practices, behaviour patterns and mannerisms. AgriSure provides distribution channels for farmers to receive livestock industry equipment. For example, Once by Signify Malaysia Sdn Bhd and CAB Cakaran Corporation Bhd cater towards chicken livestock, and MYLembu for farm management and cattle farming. AgriSure potential partners include the Ministry of Agriculture and Food Security as it is inclined with the determination of AgriSure's key mission, to ensure the availability of insurance towards the agricultural sector, providing accessibility towards the rural communities that require protection against factors influencing their living standards. Intervention by various measures include maintaining prices and providing subsidies.

### **Cost structure (First Year of operation)**

<b>Expense Category</b>	<b>Annual Approximated Amount (RM)</b>
Technology and Infrastructure	130,000
Sales and Marketing	55,000
Partnership and Commission	150,000
Customer Support and Service	120,000
Claims and Payouts	500,000
Regulatory and Compliance	80,000
Research and Development	150,000
Employee Wages	250,000
Total	1,435,000

Being a top supplier of agricultural insurance services, Agrisure's cost structure is made to go along with its creative business plan. Their mobile platforms that allow customers to register, pay, and access services require a large budget to be allocated to infrastructure and technology. Investing in strong technology systems ensures secure and efficient operations. To expand Agrisure's reach and inform potential clients about their products, sales and marketing efforts are important. This includes both traditional methods tailored for regional contexts and digital campaigns. Another major expense component is partnerships and commissions, as

Agrisure collaborates with other organisations and mobile network operators, paying them a commission for each new customer acquired.

Good customer support and assistance are necessary to maintain elevated levels of client satisfaction. This funds for the expenses of local agents and call centres that assist with enrolment and claims. Funds for payouts and claims is the most expensive resource as it ensures Agrisure provides policyholders with financial support during challenging times such as crop failure, animal health issues, or natural disasters. This is a direct expense of fulfilling insurance promises. To ensure that Agrisure complies with local, state, and insurance rules as well as international legal frameworks, regulatory and compliance costs are important. Spending on research and development is the most expensive activity that never stops in an effort to create new and improved products and services that better meet the needs of customers. Employee wages ensure smooth operation of the company since they pay for the salaries of all employees, especially those with advanced technology skills.

### **Profit and Loss Statements**

<b>Agrisure</b>	
<b>Statement of Profit and Loss for Year 1 of operation</b>	
<b>Revenues</b>	<b>RM</b>
Premium subscriptions	750,000
Interest from reserve funds	15,000
Partnership and Collaborations	125,000
Insurance float investments	37,500
<b>Total Revenue</b>	<b>927,500</b>
<b>Expenses</b>	
Technology and Infrastructure	130,000

Sales and Marketing	55,000
Partnership and Commission	150,000
Customer Support and Service	120,000
Reserve Funds for Claims and Payouts	300,000
Regulatory and Compliance	80,000
Research and Development	150,000
Employee Wages	250,000
<b>Total Expenses</b>	1,235,000
<b>Net Profit (Loss)</b>	-307,500

<b>Agrisure</b>	
<b>Statement of Profit and Loss for Year 2 of operation</b>	
<b>Revenues</b>	<b>RM</b>
Premium subscriptions	1,250,000
Interest from reserve funds	30,000
Partnership and Collaborations	245,000
Insurance float investments	62,500
<b>Total Revenue</b>	1,587,500
<b>Expenses</b>	

Technology and Infrastructure	100,000
Sales and Marketing	35,000
Partnership and Commission	165,000
Customer Support and Service	120,000
Claims and Payouts	500,000
Regulatory and Compliance	55,000
Research and Development	150,000
Employee Wages	320,000
<b>Total Expenses</b>	<b>1,445,000</b>
<b>Net Profit</b>	<b>142,500</b>

Based on the income statements above, AgriSure has made a profit of RM 142,500 in Year 2 of operation and based on the assumptions that premium subscriptions are increasing by year is expected to break-even in Year 3.

(2975 words)

## References

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