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> Will Urban Migrants Formally Insure their Rural Relatives? Family Networks and Rainfall Index Insurance in Burkina Faso*

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Keywords Microinsurance markets, Indexed insurance, Rainfall, Migration, Informal insurance networks

JEL Codes: O15, O16, G21

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Will Urban Migrants Formally Insure their Rural Relatives? Family Networks and Rainfall Index Insurance in Burkina Faso

We present findings from a pilot study exploring whether and how existing ties between urban migrants and rural farmers may be used to provide the latter improved access to formal insurance. Urban migrants in Ouagadougou (the capital of Burkina Faso) originating from nearby villages were offered, at the prevailing market price, a rainfall index insurance product that can potentially protect their rural relatives from adverse weather shocks. The

[&]quot;The field early reported is this paper was made possible by a good from the fixer actional Intimities for Impact Emaluation (IEE) with support from Olikheams State University and the University of Extent and the collaboration of PlaNet Charactee. Almonate Envillably, Arthur Sagon-Dermanus and Chemar Sery from The Innovation for Proverty Action (IPA) provided exceptional administrative and research and known throughout the project. Have some Statemage achieves they are the report from the Caracon Privater Endowed Problemschip.

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product had an uptake of 22% during the two-week subscription window. Uptake rates were higher by 17-22 ppts among urban migrants who were randomly offered an insurance policy that would make pay-outs directly to the intended beneficiary rather than the subscriber. We argue that rainfall index insurance can complement informal risk-sharing networks by mitigating problems of informational asymmetry and self-control issues.

March 20, 2018