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SEWA's journey towards climate resilience

Building climate resilience for informal women workers with parametric insurance and the Climate Welfare Facility, 2023–2025

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About the Learning from the Leaders Series

The Learning from the Leaders series brings together insights from the most recent research of the ILO's Impact Insurance Facility and Microinsurance Network on inclusive insurance. Arranged into various core working papers and related webinars, the goal is to generate and share practical knowledge to overcome key barriers identified in inclusive insurance, promoting the adoption of innovative and sustainable solutions in the sector. The series is designed to highlight success stories and actionable insights from industry leaders, helping insurers enhance the value and viability of their products for underserved markets.

For this working paper, a related webinar entitled "Inclusive insurance for climate resilience" can be found by following this link and scrolling to the bottom of the page. The webinar features the following speakers: Lilian Waithaka, Senior Manager, Programs, ACRE Africa; Jaime de Piniés, CEO, Blue Marble; Pedro Pinheiro, Sovereign and Humanitarian Solutions and Inclusive Insurance Coordinator, Insurance Development Forum (housed at the MiN). It was moderated by Lisa Morgan, Technical Specialist, the ILO's Impact Insurance Facility and Asier Achutegui, Senior Manager, Microinsurance Network.

Executive summary

Self-Employed Women's Association (SEWA) works with 3.8 million women in the informal economy across 20 states in India. Poverty, self-employment and gender each create distinct vulnerabilities, and climate change now adds a new layer of vulnerability. Increasing temperatures and climate shocks disrupt daily lives, affect livelihoods and create severe consequences on health and safety. In 2022, prolonged heat waves impacted SEWA members by slowing work, shortening working hours, increasing household and occupational expenses and reducing income. These cascading impacts endangered livelihoods, food security and children's education, leading SEWA to build on its resilience-building interventions to offer not only financial security but also emotional relief during times of crisis.

From 2023 to 2025, SEWA developed and refined its climate insurance approach through an iterative process of design, implementation and learning. The first parametric heat insurance product launched in 2023, covering 21,000 women across five districts in Gujarat. In 2024, the programme scaled to 50,000 members across 22 districts and further expanded to almost 250,000 women in 2025, who were offered two products that bundled extreme heat with cyclone and excessive rainfall. Across these phases, SEWA continuously refined trigger design, geographic coverage and financial architecture to better reflect the needs of its members.

In 2025, SEWA created the Climate Welfare Facility (CWF) to offer a more integrated risk management solution to its members. The CWF reflects SEWA's broader resilience philosophy that effective protection requires both risk transfer and risk reduction. The Facility integrates three components of finance – savings, parametric grants and climate shock advances – to build climate resilience of poor and vulnerable communities while creating a financially sustainable model. When meteorological parameters are triggered, payouts are made through parametric grants. When triggers are not met, the Facility can still act as a contingency fund, offering emergency relief for livelihood losses, healthcare expenditures and other climate-related expenses. From the second year onwards, the CWF is intended to finance community resilience programmes such as climate adaptation and mitigation infrastructure, early warning systems, health advisories and climate education.

SEWA's journey highlights both the promise and the limitations of climate insurance for low-income women workers. Insurance alone cannot meet the complex and evolving risks facing informal workers; meaningful resilience requires a broader financial architecture that supports women before, during and after climate shocks.

A defining feature of SEWA's journey has been its learning culture. Each year, SEWA reviewed performance, gathered feedback, addressed operational challenges and redesigned products. For low-income women workers, resilience is not a product but a process, one that requires long-term relationships, flexible risk-sharing structures and member-centred design.

1. Background

Poverty, self-employment, and gender each create distinct vulnerabilities, and for the 3.8 million women in the informal economy who are members of the Self-Employed Women's Association (SEWA), these factors overlap. Climate change now adds a new layer of vulnerability. The increasing frequency and intensity of climate shocks disrupt daily lives, affect livelihoods and create severe consequences on health and safety for a large portion of SEWA's members.

SEWA is the single largest central trade union centre in India for the women workers of the informal economy. It was founded in 1972 and today operates across 20 states in India. SEWA is committed to improving the climate resilience of its members, particularly given the increasing temperatures and climate shocks being experienced in India. In 2022, India experienced prolonged heat waves that impacted SEWA members by slowing work, shortening working hours and increasing household and occupational expenses. In a survey conducted by SEWA, 79 per cent of members reported a drop in productivity during extreme heat, 64 per cent reported fewer working hours and 43 per cent missed workdays because of heat-related illness. The pattern is similar across different sectors. Farmers, salt-pan workers, street vendors, waste recyclers, head loaders and construction workers all lose productive hours because peak heat makes outdoor work unsafe. Farmers and street vendors face spoilage of perishable goods, customers avoid outdoor markets during hot periods and cattle experience a 30 to 50 per cent drop in milk yields as animals struggle with heat stress. Some households had to reduce their food consumption to one meal a day, reflecting the depth of this economic strain.

In the same survey, 93 per cent of respondents described discomfort or illness linked to working in high temperatures. They reported dehydration, skin and fungal infections, urinary tract infections and low blood pressure. The strain extends beyond physical health. Many women face rising anxiety and depression as they try to cope with threats to their income (ranging from 30 to 50 per cent decrease) and household stability. Climate stress also heightens risks of gender-based violence and increased substance use within families.

These cascading impacts endanger livelihoods, food security and children's education. Many SEWA members, often the primary income earners, continue working through unsafe conditions to maintain even a minimum standard of living. This increases both physical risk and emotional burden. Seeing the recurring impacts led SEWA to build on its resilience-building interventions to offer not only financial security but also lend emotional relief during the time of crisis.

This paper explains SEWA's multi-year efforts to improve the climate resilience of its members through an iterative process of design, implementation and learning. Through this process SEWA has strived to balance technical soundness, member affordability and value, and financial sustainability. SEWA's journey showcases lessons for insurance practitioners, financial institutions and donors that wish to combat the growing effects of climate change.

2. The evolution of SEWA's climate insurance approach

SEWA's journey to build member resilience through climate insurance began in 2023 and evolved through refinements in product design, geographic coverage and financial architecture.

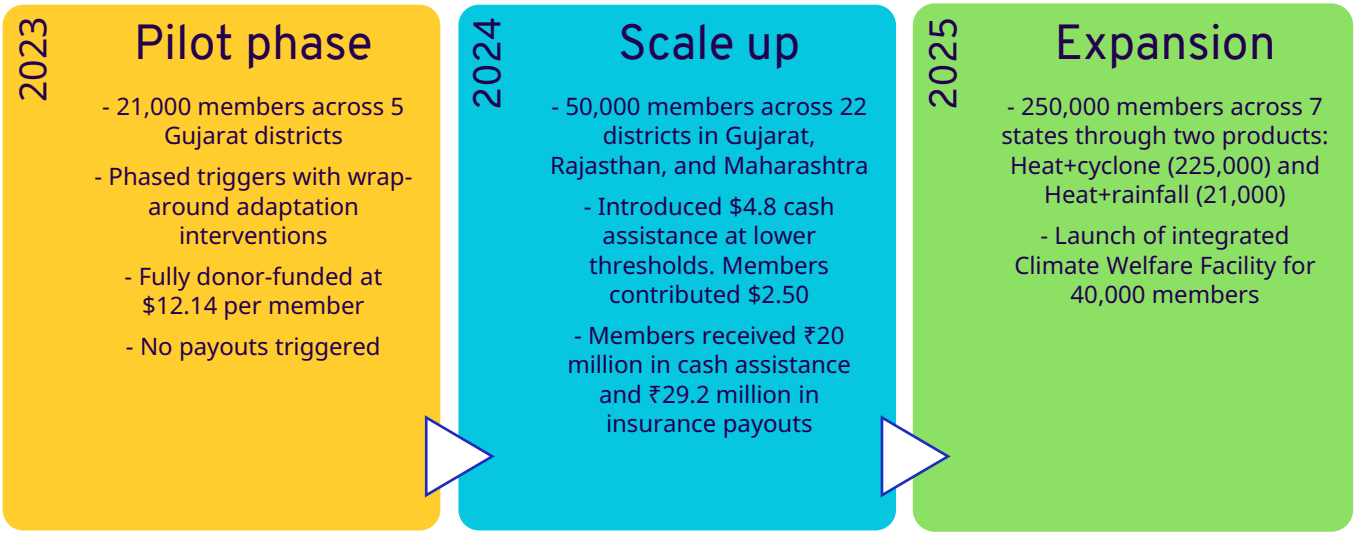
The first parametric heat insurance product was launched in 2023 with funding and expertise provided by the Adrienne Arsht Rockefeller Foundation Resilience Center, an NGO. Blue Marble, an inclusive insurance enabler, co-designed the insurance product with SEWA. ICICI Lombard was the local insurer and Zurich Insurance Group as the reinsurer. The product reached 21,000 women across five districts.

In 2024, the programme was scaled up to 50,000 members across 22 districts across Gujarat, Rajasthan and Maharashtra. In 2025, the programme was scaled further to cover almost 250,000 women across 34 districts in Gujarat, Rajasthan, Maharashtra, Uttar Pradesh, Bihar, Assam, Jammu and Kashmir and Ladakh through two products that bundled extreme heat and cyclone, and extreme heat and excessive rainfall. These phases were co-designed and jointly funded by SEWA and Climate Resilience for All (now HERA), a gender-focused climate adaptation organization committed to safeguarding the health, livelihoods and dignity of women and vulnerable communities facing extreme heat. Swiss Re, working in partnership with HERA and SEWA, led the product design and provided risk capacity to the primary insurer, ICICI Lombard.

In addition, in 2025, SEWA created the Climate Welfare Facility to offer a more integrated risk management solution to its members. This Facility covered 40,000 members. The Climate Welfare Facility was designed by SEWA members, with InRisk United India Assurance acting as the insurer.

The progression from a standalone insurance product to an integrated Climate Welfare Facility reflects SEWA's commitment to learning and creating a member-centric programme design grounded in community needs and empirical evidence.

Figure 1: SEWA journey to improve climate resilience of its members



2.1 The first climate insurance product in 2023

Against the backdrop of the heat waves of 2022, SEWA introduced a parametric climate-insurance product to help informal women workers manage the growing risks of extreme heat in 2023. The product was designed to provide fast and reliable support when members face climate shocks.

Unlike traditional indemnity insurance, which requires individual claims adjudication of losses and can result in potentially long processing times and delayed claims payments, parametric insurance pays out when a predetermined weather threshold is crossed. Satellite data confirms when the trigger has been met, allowing the insurer to pay claims faster. This way, members of SEWA—women workers—are not compelled to work during extreme heat conditions.

To set the trigger for SEWA's product, historical daily temperature data from the past 40 years was analysed. The trigger represented a specific maximum temperature level that would have justified a payout under past conditions.

The 2023 pilot ran from 5 May 2023 to 30 June 2023 across five districts. The coverage period was divided into six ten-day phases, each with a trigger adjusted to seasonal temperature variation. During any phase, if the combined maximum temperature over three consecutive days exceeded the threshold, an automatic payout would be made to all enrolled members in that district. In Ahmedabad, for instance, payouts would have been issued if temperatures over three days summed to 134 to 138°C (depending on the district), based on satellite readings. Members could receive multiple payouts, up to a total insured amount of 7,600 Indian rupees (US$ 95)[1]. The annual premium of US$ 12.14 per member was fully grant-funded by the Adrienne Arsht–Rockefeller Foundation Resilience Center.

Members contributed ₹250 towards the product and had the choice whether they wanted to become a part of the programme. The education and awareness were done using a cascade model through training sessions organized across various geographies with members and grassroots leaders. The product features were explained to members via posters and sessions that included rural field leaders (called aagewans) visiting members door-to-door and organising small community meetings.

SEWA bundled the insurance with a set of climate-adaptation interventions to reduce members' exposure to extreme heat. Each of the 21,000 enrolled women received one of four tools—solar lights, insulated water jugs, tarpaulin sheets or umbrellas—selected based on occupation of the member. For example, salt-pan workers received tarpaulin top sheets, home-based workers received solar lights and vendors received water jugs or umbrellas. These interventions helped women manage immediate heat stress.

The year 2023 was a hot year, yet the product did not trigger. The trigger temperatures set for 2023 were too high and the three-day threshold was not met. As a result, harmful but less extreme heat events went unrecognised, even though they caused real losses for members.

These gaps underscored the need to redesign the product, so it reflected the lived experience of workers. Updating the climate insurance model was essential not only to protect members more effectively but also to support broader adoption and future innovation.

2.2 Redesign and scale of the climate insurance product in 2024

SEWA incorporated the lessons from 2023 and redesigned the climate insurance product for 2024 in partnership with Swiss Re, Climate Resilience for All and ICICI Lombard. As part of the redesign process, several focus group discussions were organised with members and grassroots leaders to solicit their feedback on the product. Additionally, SEWA's Executive Committee and Trade Committee played a crucial role in bringing members' voice to the table.

The revised product triggered payouts when temperatures exceeded district-specific thresholds – ranging from 41.1°C to 46.6°C – for at least two consecutive days. This structure aimed to offer partial compensation for income and productivity losses while reflecting historical temperature variation across districts. SEWA offered the coverage from 9 April 2024 to 31 March 2025 to 50,000 members across 22 districts.

[1] The Indian rupees (₹) /US$ conversions use approximate prevailing exchange rates at the relevant time of events between 2023 and 2025, and range from US$1 = ₹80 in early 2023 to US$1 = ₹85.7 in 2025.

The districts were selected based on their history of heatwave susceptibility.

SEWA also introduced one-time direct cash assistance of ₹400 (US$ 4.8) at a lower threshold of 40°C. This replaced the earlier adaptation measures distributed in 2023. While those interventions helped reduce immediate heat exposure and supported long-term coping, member feedback and field observations showed a persistent gap: women experienced losses during prolonged but non-trigger heat days, yet parametric payouts were not activated. The cash layer filled this gap by providing immediate liquidity during moderate-heat periods, helping stabilize income and protect health while the insurance covered severe heatwaves. The cash assistance benefit was donor funded.

The maximum insured amount per member in 2024 was ₹1,230 (US$ 14.8), with an annual premium of ₹446.7 (US$ 5.4). Each member contributed ₹250 (US$ 3) to enrol in the climate insurance programme with the balance covered by donor funding. The relatively higher premium-to-benefit ratio reflects the structural realities of providing climate risk protection to low-income informal workers while keeping the product affordable. Climate events such as heatwaves are highly covariate risks – affecting large numbers of members simultaneously within the same geography – which requires greater risk loading and reinsurance protection compared to conventional insurance products. At the same time, SEWA deliberately kept the premium contribution within reach of members at ₹250 (US$ 3) so that participation remained feasible even for women whose average daily earnings are around US$ 2.

SEWA notes that even relatively modest payouts represent several days of lost income for SEWA members and provide liquidity during periods when heat stress reduces productivity and working hours. The design therefore aims to deliver timely financial relief and reduce the need for distress borrowing, while gradually building a larger risk pool that can enable more efficient pricing and higher coverage levels over time.

The 2024 season saw widespread heat stress. Insurance triggers were met for 46,339 members (93 per cent of enrolled) across 17 of the 22 districts, while the ₹400 cash assistance triggered for all 50,000 enrolled members. Insurance payouts ranged from ₹151 (US$ 1.8) to ₹1,656 (US$ 20). In total, members received ₹20 million (US$ 240,096) in cash assistance and ₹29.2 million (US$ 350,859) in insurance payouts. The insurance product recorded a loss ratio of 154 per cent. When both layers are considered, the average payout per member was ₹984.5 (US$ 11.82).

Due to the parametric nature of the product, payouts were automatically triggered and transferred to members' bank accounts, allowing them to see a tangible link between extreme heat events and financial support. Members primarily used the payouts to stabilize essential household needs, such as purchasing medicines, food, groceries, paying children's school expenses or repaying debt. Members reported that the payouts helped them manage health expenses and household consumption during extreme heat periods. The impacts were particularly visible among occupations with high outdoor exposure – such as salt-pan workers, street vendors and agricultural labourers – who experience significant reductions in productivity and income during heatwaves.

While SEWA is still working on a systematic sector-wise impact evaluation, qualitative feedback and member testimonials indicate that the payouts improved financial resilience, reduced immediate stress and strengthened members' perception that climate risks affecting their livelihoods are being recognized and addressed through formal financial protection as indicated in the two testimonials from SEWA members.

> *We always thought that only the rich could buy insurance. For the first time, we heard about a climate insurance program. And, for the first time, we got financial support to reduce the burden of heatwaves. This product made this benefit available to us.*
>
> *The money I received was used to pay children's school fees, purchase books, bags and uniforms for them. The financial aid enabled our children to continue their education without us compromising on our dignity and borrowing money from elsewhere.*
>
> ▶ *Sarojben, an agricultural labourer from Anand*

> *My income decreases to half during the days of peak heat. I am unable to work during the peak heat hours. Frequent power cuts cause my stitching machine to break down. As a result of which, I was unable to complete my orders.*
>
> *The insurance program was a blessing for us. I used the payout to get my machine fixed. This enabled me to start generating my income again and not borrow money from local money lenders."*
>
> ▶ *Kavitaben, a home-based worker from Ahmedabad*

SEWA recognized that while maximum daily temperature is a key component of the index, there are other important drivers of heat stress, such as humidity and nighttime temperatures. The combination of temperature and humidity affects the heat impact and high nighttime temperatures significant impact sleep, a key well-being factor. SEWA was keen to incorporate these drivers into the product design. At the same time, members faced a range of other climate shocks, including unseasonal rain, hailstorms and cyclones. The frequency and intensity of these events highlighted the need for a more comprehensive, all-weather insurance product, one that uses dynamic risk assessments, real-time data and more realistic trigger mechanisms to help members cope with escalating climate volatility.

2.3 Expanded cover and reach of the climate insurance product in 2025

In 2025, SEWA continued refining its climate insurance strategy to cover a wider set of risks beyond heat, introducing protection against cyclones and excessive rainfall. through two new products. Product 1, covering heat and cyclone risks, was developed in partnership with CRA (now HERA) and Swiss Re. Product 2, focusing on extreme heat and excessive rainfall, was developed in collaboration with Blue Marble and the Atlantic Council's Climate Resilience Center.

Product 1: Extreme heat + cyclone insurance

The product covered 225,000 informal women workers across 34 districts in Gujarat, Rajasthan, Maharashtra, Assam, Bihar, Uttar Pradesh, and Jammu and Kashmir.

The policy ran from 15 April 2025 to 14 April 2026. Each member paid ₹300 (US$ 3.5) toward a total premium of ₹705 (US$ 8.3), with the balance supported through grants. The total premium pool reached ₹159 million (US$ 1.87 million), with a maximum policy-level exposure of ₹780.3 million (US$ 9.18 million).

The product used real-time 1x1° gridded temperature data from the Indian Meteorological Department (IMD). A heat event was triggered when daily maximum temperatures exceeded district-specific thresholds. Payouts continued until temperatures fell below the threshold, with a one-day dip tolerated if it remained within 1°C of the trigger. The benefit was capped at ten days and members could receive up to ₹3,121 (US$ 36), plus a one-time cash assistance of ₹400 (US$ 4.7) if temperatures exceeded 38°C.

A cyclone layer was added for 51,000 members in eight high-risk districts of Gujarat. This coverage had an annual premium of ₹17,20,000 (US$ 20,235), a per-member cover of ₹867 (US$ 10.2) and a maximum payout ceiling of ₹44.2 million (US$ 520,000). The trigger activated when IMD data reported sustained three-minute wind speeds above the defined threshold.

Despite widespread climatic variability, total payouts amounted to only ₹36,13,607 (US$ 42,523), yielding a loss ratio of approximately 2.27 per cent.

Product 2: Extreme heat + excessive rainfall insurance

This product covered 21,000 members from 25 April 2025 to 24 April 2026. It combined protection against extreme heat and excessive rainfall, using maximum temperature and daily rainfall levels as parametric triggers. The heat component was divided into seven weekly phases, with payouts issued when temperatures exceeded the phase-specific average for two consecutive days. The design allowed for multiple payouts throughout the season.

The premium was ₹633 (US$ 7.44) per member, totalling ₹13.3 million (US$ 156,000). The sum insured was structured on a weekly basis, with members eligible for up to ₹3,935 (US$ 46.3). The insurer's maximum exposure was ₹82.6 million (US$ 972,000).

Total payouts reached ₹94,18,902 (US$ 110,811), corresponding to a loss ratio of about 71 per cent. The higher ratio suggests that the product's triggers closely

reflected the events members experienced, demonstrating lower basis risk and stronger alignment between modelled risk and actual impact. This responsiveness improved the product's effectiveness and reinforced member trust.

2.4 Lessons on design, operations and member experience from 2023 to 2025

The climate insurance product experience has highlighted key product, process and member-related learnings for SEWA. The lessons below are crucial to understanding the potential impact of such a programme.

Design heat insurance around lived experience, not just climatic extremes. SEWA's experience in 2023 showed that technically robust, historically calibrated temperature thresholds can still fail to trigger during periods of severe hardship. While extreme heat events are statistically rare, income loss and health stress for informal workers often arise from prolonged exposure to moderately high temperatures. Heat insurance design must therefore begin with how workers experience heat – how it affects productivity, health, and daily earnings – rather than relying solely on extreme-event modelling. Anchoring trigger design in lived experience is essential to reducing basis risk and ensuring payouts reflect real economic stress.

Use layered and continuous triggers to reflect the cumulative nature of heat stress. Heat impacts accumulate over time, yet traditional parametric designs often treat heat as a discrete, binary event. The shift from single, high thresholds to layered designs – including lower-threshold cash support, consecutive-day triggers and per-day payouts – helped reduce basis risk more effectively than attempting to identify a single "perfect" index. Designs that allow for continuity, tolerate small temperature dips and deliver repeated payouts better reflect how heat disrupts work and wellbeing, while also improving member trust in the product.

Further experimentation is needed to improve product design through better climate data and modelling. Reliance on maximum daily temperatures alone may not capture real heat stress. More nuanced indicators – including combinations of temperature and humidity, average temperatures and nighttime temperatures – can help create triggers that better reflect lived experience and reduce basis risk.

Member empowerment is an unintended benefit of the cash assistance. The pilot encountered hurdles in 2024 while disbursing the one-time cash assistance into members' bank accounts. Many accounts were inactive due to incomplete KYC requirements, name mismatches or because members had simply stopped using them. In other cases, accounts were linked to banks that had since undergone mergers, requiring fresh documentation before any transfer could be made.

Addressing these issues became an unexpected but meaningful outcome of the intervention. Over three years, nearly 37,000 members either opened new bank accounts or revived dormant ones. SEWA considers this one of the programme's most significant gains. Strengthening women's access to formal financial services is foundational to empowerment: it enables them to receive benefits directly, exercise greater control over resources and participate more confidently in household and community decision-making. For poor, marginal women who often face systemic barriers to financial inclusion, this shift can be transformative.

The process itself builds capacity. Another insight from the pilot is that investing in the process is an outcome in its own right. The enrolment phase alone required nearly three months of intensive fieldwork, much of it centred on collecting and verifying bank passbooks. Many members were hesitant to share their passbooks due to fears of fraud, and it was SEWA's long-standing trust with the community that made this documentation exercise possible.

Working through the KYC requirements for nearly 250,000 members – often in repeated coordination with district offices and banks – became a significant capacity-building experience. Grassroots leaders managed the full cycle of data collection, documentation and account activation, while simultaneously introducing members to insurance, a concept that was new to many and required sustained awareness-building. At the institutional level, the process strengthened SEWA's ability to anticipate operational challenges and design systems that respond to them. SEWA developed a new app to improve data capture of enrolment date. For both members and leaders, the administrative processes for the pilot enabled learning, growth and collective capability-building. The process, in effect, became one of the programme's most valuable outcomes.

Make the product understandable at the point of enrolment. Discussions with rural field leaders (aagewans) revealed an important challenge in introducing parametric insurance to first-time users. For many members, insurance, especially index-based insurance linked to weather data, was a new and unfamiliar concept. Members often sought clarity on

how the product would support them during periods of heat stress. To address this, aagewans explained the different layers of support within the programme, including the one-time cash assistance designed to provide relief during moderately high temperatures when livelihoods are affected but the insurance trigger may not activate.

The experience also highlighted the importance of strengthening climate insurance literacy and managing expectations as the programme scaled. By 2025, some members began actively monitoring local temperature readings and contacting SEWA teams to understand whether conditions had met the trigger thresholds. This reflected growing awareness of the relationship between climate conditions and financial protection. At the same time, it reinforced the need for continuous communication on how parametric triggers function and when payouts occur. For new insurance markets among low-income communities, ensuring that members clearly understand how the product works at the time of enrolment is critical for building long-term trust and informed participation.

Apply gender lens. SEWA's long experience and its network of grassroots women leaders give it a clear understanding of the lived realities of its members. Climate-related risks do not affect all workers equally, and for poor rural women, the economic shocks are often compounded by threats to their dignity and safety. When informal workers face sudden financial stress, many turn to local moneylenders. In the most severe cases, inability to repay can expose women to sexual exploitation as a form of coercive "settlement." For many rural women, access to dignified finance is not merely an economic issue – it is a protective measure. These gendered realities underline why resilience cannot be designed without a gender lens. Policy frameworks must recognize that climate shocks often heighten safety risks, for instance, when women sleep outside damaged homes after floods.

SEWA believes that these are not peripheral issues: they are central to how climate vulnerability manifests in women's lives. The programme, therefore, is not only about financial resilience; it is equally about protecting dignity, reducing women's exposure to predatory practices and strengthening their ability to navigate crises without compromising their safety or autonomy.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3. Beyond insurance: The Climate Welfare Facility

SEWA began its climate-resilience work with standalone insurance products. Over time, SEWA felt that while these products offered valuable protection, they were not sufficient on their own. A comprehensive climate resilience approach that combines risk transfer mechanisms, such as climate insurance, with risk reduction initiatives, including climate health campaigns, early warning systems and adaptation solutions, offered a more holistic pathway to strengthening community resilience. While insurance could play a critical role in protecting low-income households from large, infrequent shocks by easing financial burdens and preventing a slide into poverty, SEWA felt that its effectiveness would be enhanced when complemented by interventions that reduce underlying risks. Together, these approaches would not only support recovery after shocks but also contribute to the long-term financial sustainability of resilience programmes.

In 2025, SEWA created a Climate Welfare Facility (CWF) that provides a comprehensive safety net for members. CWF enforces SEWA's broader resilience philosophy that effective protection requires both risk transfer and risk reduction.

The CWF integrates three components of finance – savings, parametric grants and climate shock advances to build climate resilience of poor and vulnerable communities – as well as create a financially sustainable model. SEWA members who opt to enrol into the CWF regularly contribute a fixed portion of their monthly income to the CWF. Regularly contributing to a savings plan allows SEWA members to accumulate funds to cover future climate expenses. Rather than facing a significant one-time expense, members can spread out the cost of member contributions. This approach promotes financial discipline and stability, ensuring members can access the programme coverage when needed.

When specific meteorological parameters such as temperature, rainfall or wind speed thresholds are triggered, payouts for parametric grants are made from the Climate Welfare Facility (CWF) to SEWA members. SEWA has utilized a portion of the CWF corpus to purchase insurance protection for the Facility, thereby transferring a share of the climate risk and enabling more comprehensive coverage for catastrophic climate events. This layered risk financing approach has capped the potential financial loss for SEWA and ensured that the corpus is not completely depleted following severe climate shocks, ensuring the facility gradually moves towards building sustainability.

Even in periods when parametric grant triggers are not activated, the CWF continues to provide valuable support to members. The facility functions as a contingency fund, offering immediate assistance through climate advances during climate shocks. It also serves as a social safety net by providing emergency relief for livelihood disruptions, out-of-pocket healthcare expenditures, energy-related expenses and other climate-induced financial hardships faced by informal sector women workers and their households.

In 2026, the CWF has expanded its scope to finance community resilience programmes such as increasing members access to climate adaptation and mitigation infrastructure adoption, early warning systems, health advisories, climate-health campaigns and mental health campaigns, thereby strengthening overall community resilience and well-being. Starting 2027, SEWA also plans to expand members' access to index-linked loans. Informal sector women workers have historically faced significant barriers in accessing climate adaptation measures such as overhead umbrellas, tarpaulin sheets and insulated water jugs, as well as mitigation technologies including biogas plants, drip irrigation systems, rooftop solar and solar water pumps, primarily due to high upfront costs and limited access to affordable financing. Through the CWF, SEWA has made these interventions more accessible and affordable, enabling members to better safeguard their livelihoods, health and productive assets against climate risks.

A portion of the funds is being utilized for climate education initiatives and improving climate finance literacy among SEWA members. In years without major payouts, part of the surplus will be redirected towards member rebates and credits for subsequent coverage cycles, further strengthening member trust and participation in the facility.

The initial corpus of the CWF is generated through a combination of member contributions and philanthropic funding. Approximately 60 percent of the

climate risk has been retained by SEWA, while insurance protection purchased for the facility has covered losses beyond this retention threshold, with the retained portion functioning as the deductible layer. SEWA has progressively increased member contributions towards the facility while gradually reducing the assured cash support component, with the long-term objective of achieving a financially self-sustaining and member-driven model by 2030.

While the CWF is already demonstrating early operational success in strengthening member resilience, SEWA will continue to monitor and evaluate the programme's broader social, financial and institutional impacts as implementation progresses through its second year. Performance tracking includes a range of financial, operational and social indicators. Member-centric metrics are for assessing uptake, satisfaction and perceived value, while operational benchmarks monitor renewal rates, payout timeliness, data quality, fund utilization and overall cost efficiency.

SEWA piloted the CWF for 40,000 members across six states in India. Each member paid ₹600 (approximately U$7) to enrol. In addition to being covered by CWF's parametric heat insurance product, the members also got access to returnable grants from the Facility if they suffered significant economic losses during a climate shock. Additionally, they also got access to climate and health campaigns, mental health response and early warning systems. To ensure that the CWF corpus does not get completely depleted, SEWA purchased insurance on the Facility. In the event of a catastrophic heat wave, SEWA would pay only the first ₹4 million (US$ 47,000) – SEWA's deductible – while the insurance company would be responsible for the rest. A portion of the corpus would be utilized for providing returnable grants to members with heavy losses, while the rest of the corpus would be carried forward to the next financial year.

The total payout for 2025, stands at ₹11,41,100 (U$13,425), yielding a loss ratio of about 11.8 per cent.

▶ 4. Reflections and lessons from the journey

SEWA's four-year journey, from piloting standalone parametric products to launching the CWF, highlights both the promise and the limitations of climate insurance for low-income women workers. The experience underscores that insurance alone cannot meet the complex and evolving risks facing informal workers; meaningful resilience requires a broader financial architecture that supports women before, during and after climate shocks. This section showcases key lessons from SEWA's experience.

Expand the range of climate risk products for informal workers. The experience shows a clear need for more accessible, community-centred climate-insurance models for low-income workers. Multi-hazard and bundled products can offer more relevant protection as climate risks evolve, though they are more complex and expensive to implement. The CWF design directly addresses several challenges inherent in standalone insurance. Annual premiums are difficult for members to pay at once, parametric payouts can feel intangible or unpredictable and high trigger thresholds leave gaps during moderate but still harmful climate events. By bundling savings, parametric insurance and returnable grants, the CWF provides layered protection that reduces basis risk and enhances financial continuity. Returnable grants in particular, give members flexibility to restart livelihoods even when formal triggers are not met – an essential feature in the face of increasingly erratic climate patterns.

SEWA's ability to develop and refine such a model is rooted in its unique institutional strengths. The organization's deep community presence and long-standing relationships built through its aagewans have allowed it to gather nuanced client insights, design context-specific triggers, troubleshoot banking barriers and course-correct rapidly. This level of trust – earned over decades – cannot be easily replicated, and it has been central to SEWA's ability to introduce new financial instruments in communities with low insurance literacy and high vulnerability.

There is a need to strengthen policy frameworks for climate resilience finance. Facilities such as the CWF benefit from blended finance, subsidies and returnable-grant structures that make premiums affordable and help build community reserves. Government departments working on climate, health, disaster management, livelihoods and social protection often operate in silos. More integrated policies and coordination mechanisms would help scale similar models. Further, low-income communities often have limited understanding of parametric insurance and its focus on extreme events. Building climate literacy will be essential to strengthen trust, improve uptake and ensure members understand why payouts occur in some years and not in others.

Donor support has been instrumental. Grants financed the one-time cash assistance in 2023 and 2024, subsidized premiums for members and helped build the reserve fund required for the CWF's layered risk-sharing model. This is not a weakness of the design but a reflection of what it takes to develop innovative, pro-poor climate-risk solutions. However, it does raise a practical question for the broader ecosystem: how can similar programs be developed by organizations that lack SEWA's scale, trust or philanthropic backing? This calls for new financing approaches, including public subsidies, blended finance and regulatory incentives for insurers to serve low-income climate-vulnerable markets.

A defining feature of SEWA's journey has been its learning culture. Each year, the organization reviewed financial performance, gathered feedback from members and leaders, evaluated operational challenges and redesigned products, sometimes substantially. This iterative approach allowed SEWA to correct high trigger thresholds, address basis risk, refine messaging to reduce mis-selling, strengthen climate literacy and build the capacity of grassroots leaders. The process itself became an outcome, strengthening local leadership, digitization efforts and institutional readiness for delivering climate finance at scale.

SEWA's journey shows that building climate resilience amongst members is critical. Climate risks are intensifying, and member needs will continue to evolve. SEWA anticipates further refinements to trigger design, payout adequacy, operational systems and field communication. As the model matures, it will continue generating insights for insurers, donors and policymakers seeking to support informal workers in a warming world. For low-income women workers, resilience is not a product but a process – one that

requires institutions willing to invest in long-term relationships, flexible risk-sharing structures and member-centred design. SEWA's experience offers a meaningful blueprint for how such a system can evolve.

SEWA and the ILO hope this document provides greater visibility into the products, processes and challenges encountered along this journey, with the aim of inspiring further innovation in climate protection for the informal sector. Several reflections emerge for the broader ecosystem of insurers, donors, government agencies and financial institutions.


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About the ILO's Impact Insurance Facility

Housed in the Social Finance Programme of the International Labour Organization, the ILO's Impact Insurance Facility enables the financial services industry, governments and their partners to realise the potential of insurance for social and economic development. Impact insurance reduces vulnerability, promotes stronger enterprises and facilitates better public policies. The ILO's Impact Insurance Facility has nearly two decades of experience of supporting insurance innovations, connections to an extensive network, a qualified technical team, leadership in customer-centricity and the largest one-stop shop for inclusive insurance know-how. Since 2008, the Facility has pushed the innovation frontier through grants and technical support for product and process innovations.

The Facility has established itself as a global hub for knowledge and capacity development, extracting lessons from pioneers, facilitating learning and sharing successes and challenges with all interested stakeholders. In collaboration with local insurance schools, the Facility's capacity building programme trains hundreds of insurance professionals every year. The Facility's knowledge management platform is visited by over 4,000 online users every month with access to over 40 practitioner-oriented papers, tools and training modules, another 40 plus research studies and 100 plus bite-sized insights on burning issues.

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