Strong focus on Public-Private Partnerships
Involvement with the largest Agriculture and Nat Cat schemes in the world

China
150 Million farmers

Philippines
Supporting World Bank’s $220mn Philippines deal

Pacific Islands
lead reinsurers on World Bank’s $45mn Pacific Islands risk pool deal

Senegal
Expanding parametric insurance in West Africa

Zambia and Rwanda
reinsuring national agriculture schemes

India
55 million farmers through PMFBY

Mexico
>2,5 million farmers

Caribbean
Reinsurer of Caribbean and Central American risk pool

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Lead reinsurer for the African risk pool which has transferred $221mn to the market over 4 years

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Parametric Insurance’s value proposition in agriculture
Parametric insurance offers greater economic value to smallholder farmers

Frictional costs

100%

Payback to the farmer

Traditional insurance

- Distribution costs: 25 – 35%
- Claims handling costs
- Support functions
- Uncertainty loading

Traditional insurance in developing countries

- Higher distribution costs 50 – 70%
- Higher claims handling costs
- Higher cost of support functions

Parametric insurance combined with a meso-approach/light broker

- Lower distribution costs
- No claims handling costs
- No adverse selection
- No moral hazard

Parametric insurance with subsidies

- Public subsidies to foster farmers’ protection

100%
Recommendations going forward
Collaboration from the beginning and new products allow development of insurance markets

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Recommendations</th>
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<tbody>
<tr>
<td>Reducing information asymmetry, leading to adverse selection, moral hazard and fraud (exclusion of large population groups from the benefits offered by insurance coverage)</td>
<td>Parametric (Index-based) insurance based on non-influenceable indices mitigates the problems of information asymmetry</td>
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<td>Underwriting insurance programs</td>
<td>Involve reinsurers from an early stage to structure products which are ”underwriteable”</td>
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<td>Reduce price for individuals</td>
<td>Subsidies allow to introduce insurance to individuals who have no experience with insurance</td>
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<tr>
<td>Uptake and acceptance of new products</td>
<td>Link products with bank-loans, especially in agriculture to hedge against climate risks. Integrate local perception to product design</td>
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<tr>
<td>Non-insurance legal provisions, frameworks and policies often form the greatest barrier to insurance development</td>
<td>Holistic approach to insurance, beyond product approval, to broker registration, distribution channels etc.</td>
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</tbody>
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Thank you!

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