



Typhoon Haiyan, Philippines November 2013

Press release

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CelsiusPro introduces parametric emergency cash insurance for natural disasters

CelsiusPro launches parametric natural catastrophe insurance for earthquakes and tropical cyclones that provides emergency cash within days of the disaster. The company is able to provide nationwide coverage due to its ability to model the effect of catastrophic events in high resolution globally.

CelsiusPro has been offering protection through weather index derivatives for ten years and has vast experience in structuring, executing and administering products to mitigate the financial losses from adverse weather. The company is now introducing parametric emergency cash insurance for natural catastrophes. Such disasters can have a lasting negative impact on people and communities, their livelihoods and businesses; receiving imminent help is crucial. Mark Rüegg, CEO of CelsiusPro, explains: «Providing a fast and efficient payout to bridge the first weeks after a disaster is critical for the survival and future economic prosperity of the affected areas. In order to provide cash immediately to cope with the catastrophe, we are launching parametric insurance for earthquakes and tropical cyclones.»

Emergency cash within days of the disaster

Parametric insurance solutions are based on quantitative data provided by official and objective third-party agencies like meteorological, geological or space agencies. The payout is linked to the intensity of the event and does not require a lengthy loss assessment of the actual damage incurred. Therefore, parametric insurance loss payments can be distributed



CelsiusPro AG

Seebahnstrasse 85, CH-8003 Zürich, t: +41 44 205 9910 f: +41 44 205 9919, info@celsiuspro.com

very quickly and efficiently.

CelsiusPro is in advanced discussions with local insurers of affected countries like the Philippines, and helps them introduce new natural catastrophe insurance. This includes the structuring, pricing and execution of the policies and their settlement. The relevance of this task has been underlined on a governmental level a few days ago: The Philippines announced the launch of a new parametric disaster insurance pilot in a joint project with the World Bank. Its aim is to offer the most endangered provinces rapid and effective coverage against earthquakes and cyclones.

Granular data correlating highly with damages

CatPro Earthquake – CelsiusPro's emergency cash earthquake product – is based on the peak spectral acceleration (PSA) and peak ground acceleration (PGA) of an earthquake in the location of the insured. In contrast to the Richter scale, which measures the seismic energy released by an earthquake at its epicenter, PSA and PGA data is provided with a 2 by 2 km resolution about the maximum acceleration that occurs during an earthquake at a given location on the surface. The earthquake loss is estimated by PSA data provided by the US Geological Survey, and based on a pre-defined loss settlement process the emergency cash amount is paid to the policyholder within days of a disaster.

High resolution model for storm tracking

CatPro Tropical Cyclone is linked to the maximum sustained wind and the radius of maximum wind during a storm, values which are published for each tropical cyclone by meteorological agencies. For this innovative InsurTech product, CelsiusPro has developed a quantitative model to perform temporal and spatial interpolation between the officially available measurement points.

For the devastating cyclone Haiyan, which hit the Philippines in November 2013, there were 37 publicly available measurement points providing information about the radius of maximum wind speed. The CelsiusPro model provides wind speed information for 135'762 grid points along the track – performing 30 million calculations for just one storm. In addition to wind speed a product incorporating rainfall is also available. This significant increase in granularity makes it possible to introduce nationwide parametric tropical cyclone insurance.

Celsius Pro's proprietary online platform enables all partners to process underwriting and claims services with speed and accuracy in order to help the insured and to keep insurers' administrative cost low. Policies are priced and created automatically, depending on the geo-location of the insured area, and can be sent to the insured immediately. The emergency cash insurance for natural disasters has been developed for insurance companies, governmental agencies and microfinance institutions in regions at risk and can easily be replicated for any potential market.



CelsiusPro

Contact:

Mark Rüegg
CEO
CelsiusPro AG
Phone +41 44 205 99 11
mark.rueegg@celsiuspro.com

Sebastian Glink
Head Business and Product Development
CelsiusPro AG
Phone +41 44 205 99 16
sebastian.glink@celsiuspro.com

CelsiusPro AG
Seebahnstrasse 85
CH-8003 Zurich

Visit us on www.celsiuspro.com

About CelsiusPro:

CelsiusPro is a Swiss company specialized in providing technology to structure and administer parametric solutions to mitigate the financial impact of adverse weather, climate change and natural catastrophes. CelsiusPro is a member of the Weather Risk Management Association (WRMA).



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