



Press release

Zurich, August 24, 2018

InsuResilience Investment Fund to provide new set of rainfall data for parametric insurance in Latin America

The InsuResilience Investment Fund (IIF) has initiated the development of a new set of rainfall data for Latin America to address the region's specific climatic challenges. The new data set will serve as the basis for the introduction of parametric insurance for a better management of agriculture risks throughout the continent. CelsiusPro acts as the Technical Assistance Facility Manager of the IIF.

The IIF has initiated the development of a new gridded set of rainfall data specifically for Latin America (LatAm). Its aim is to enable parametric insurance products that mitigate agriculture risks related to extreme weather and climate events. Farmers, local insurance and reinsurance companies, public entities and academic institutions are expected to be the primary users. The new data set was developed in cooperation with the Centro de Gestão de Pesquisa, Desenvolvimento e Inovação (CGPDI), Brazil, and the International Research Institute (IRI), Earth Institute, Columbia University, New York. The public is granted free access to the data.

Latin America, with its complex topography, has lacked reliable data points for remote areas so far. At the same time, global climate change and extreme meteorological events have increased the need for precise weather and climate data. On behalf of the IIF CelsiusPro initiated the development of the LatAm data set, specified its requirements and supported its implementation.

Rain gauges and satellite data provide the basis for the data to enable a new high-resolution analysis of daily precipitation over Latin America. A diligent validation process included the statistical comparison against other existing data as well as binary matching of field experiences collected through interviews with farmers and extreme events data taken from official reports. The LatAm data set was compared to farmers' experiences and perception in the field and other climate risk data in order to assess its performance for index insurance purposes. This process was part of the validation of the performance of the data set and captured insurance-relevant losses on the ground across Central and South America.

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Based on preliminary validation, the new data set combined with the quasi-global rainfall data set CHRIPS (climate hazards group infrared precipitation with station data) manages to yield the best results. The new data for Latin America has a one-day latency, which is important for a timely payout calculation of parametric insurance. Stefan W. Hirche, Chairperson of the InsuResilience Investment Fund, explains: «The new LatAm data has proved to be useful in designing and validating index insurance products across the region, assisting the InsuResilience's objective to allow for a better insurance provision to poor and vulnerable households.»

To ensure global food security, the risks related to climate change and adverse weather must be addressed and international technical assistance must be provided, particularly in countries with a nascent agricultural insurance market. Insured crops make farmers more resilient to weather induced shocks, and the entire agricultural sector will benefit from agricultural insurance.

About the InsuResilience Investment Fund (IIF):

The InsuResilience Investment Fund, formerly known as Climate Insurance Fund, is an initiative created by KfW, the German Development Bank, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). The overall objective of the InsuResilience Investment Fund is to contribute to the adaptation to climate change by improving access to and the use of insurance in developing countries. The specific objective of the fund is to reduce the vulnerability of poor and vulnerable households as well as micro, small and medium enterprises (MSME) to extreme weather events.

The InsuResilience Investment Fund has been set up as a public-private-partnership. It combines Private Debt and Private Equity investments in two separately investible Sub-Funds, open for private investors from July 1, 2017. Technical assistance and premium support facilities complement the IIF and are separately funded by BMZ.

Visit IIF on www.insuresilienceinvestment.fund

About CelsiusPro:

Swiss Insurtech company CelsiusPro specializes in providing parametric insurance solutions to mitigate the risks of adverse weather and natural disasters. CelsiusPro's consulting services include feasibility studies, product design, insurance scheme design, individual risk assessments, process digitalization and education services.

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