



InsuResilience

Promoting access to climate insurance

InsuResilience Investment Fund (IIF)

Swiss Sustainable Finance
Zurich, 16 January 2018



Protecting the poor and vulnerable from climate risks

Initiators



KfW

- Set up by KfW on behalf of the German Ministry for Economic Cooperation and Development
- Commencement of commercial activities in January 2015, under the German G7 presidency

Mandate

- Stimulate the creation of effective climate-risk insurance markets
- Improve the resilience of poor and vulnerable households as well as MSME to extreme weather events
- Finance qualified corporates along the value chain of insurance

Target Markets

- ODA-eligible countries
- Insurance, micro-insurance, reinsurance, brokers, and aggregators





InsuResilience

The Fund combines Partners in a Public Private Partnership

Initiators

KFW



Federal Ministry
for Economic Cooperation
and Development

Fund Manager



BlueOrchard
Impact Investment Managers

Technical Assistance Manager

CelsiusPro 
Professional Weather Protection

Business Partners



Swiss Re

hannover **re**



Munich RE



The Fund is contributing to several Social Development Goals

UN SDGs addressed by the IIF



Social impact for IIF beneficiaries

Enhanced financial resilience

Enhanced bankability

Avoidance of negative coping strategies

Enhanced ability to invest



InsuResilience

Climate Risk Insurance: appropriate Products for multiple Perils

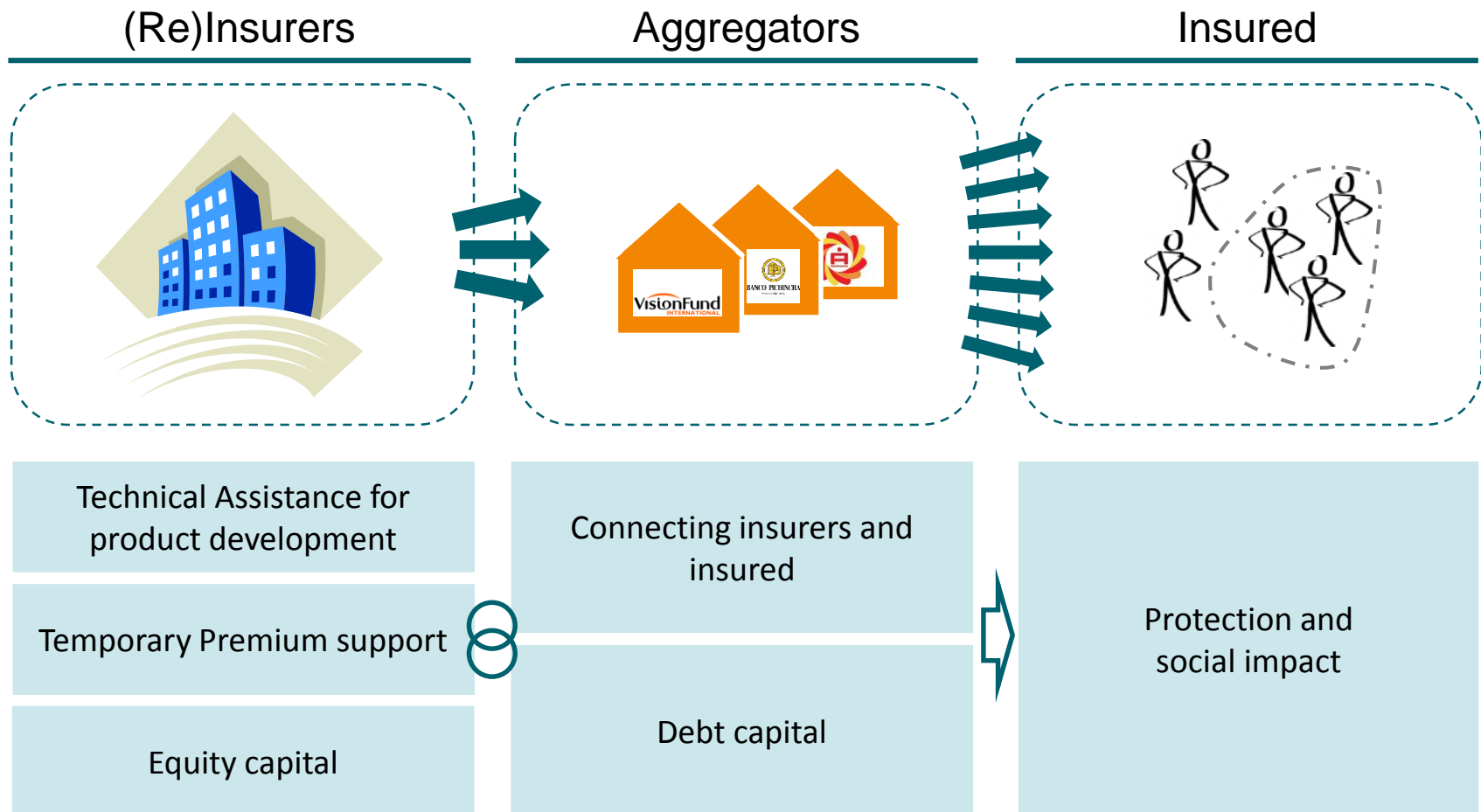


Structure:

- Traditional (indemnity)
- Parametric

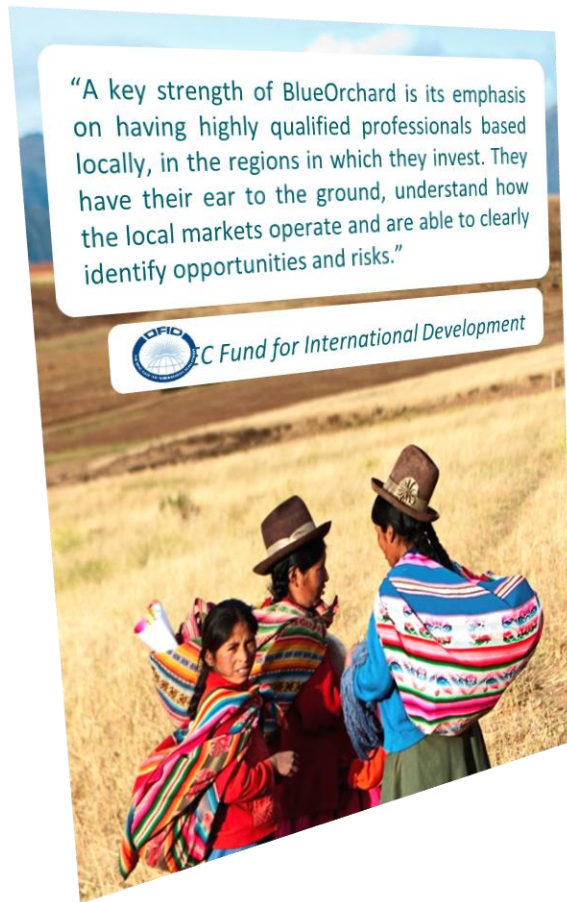


Building the Value Chain for Climate Insurance





BlueOrchard – Investment Manager of the IIF



Company profile

Founded in Geneva in 2001 by initiative of the UN

Leading impact investment manager with focus on Emerging Markets

Trusted partner of Development Finance Institutions and institutional investors globally

Expert in Blended Finance Solutions

FINMA regulated and authorized by CSSF as AIFM

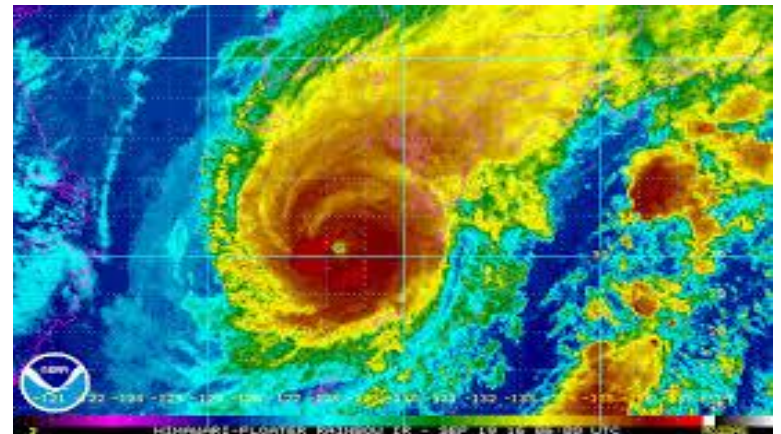


InsuResilience

CelsiusPro – Manager of the IIF Technical Assistance Facility

Company profile

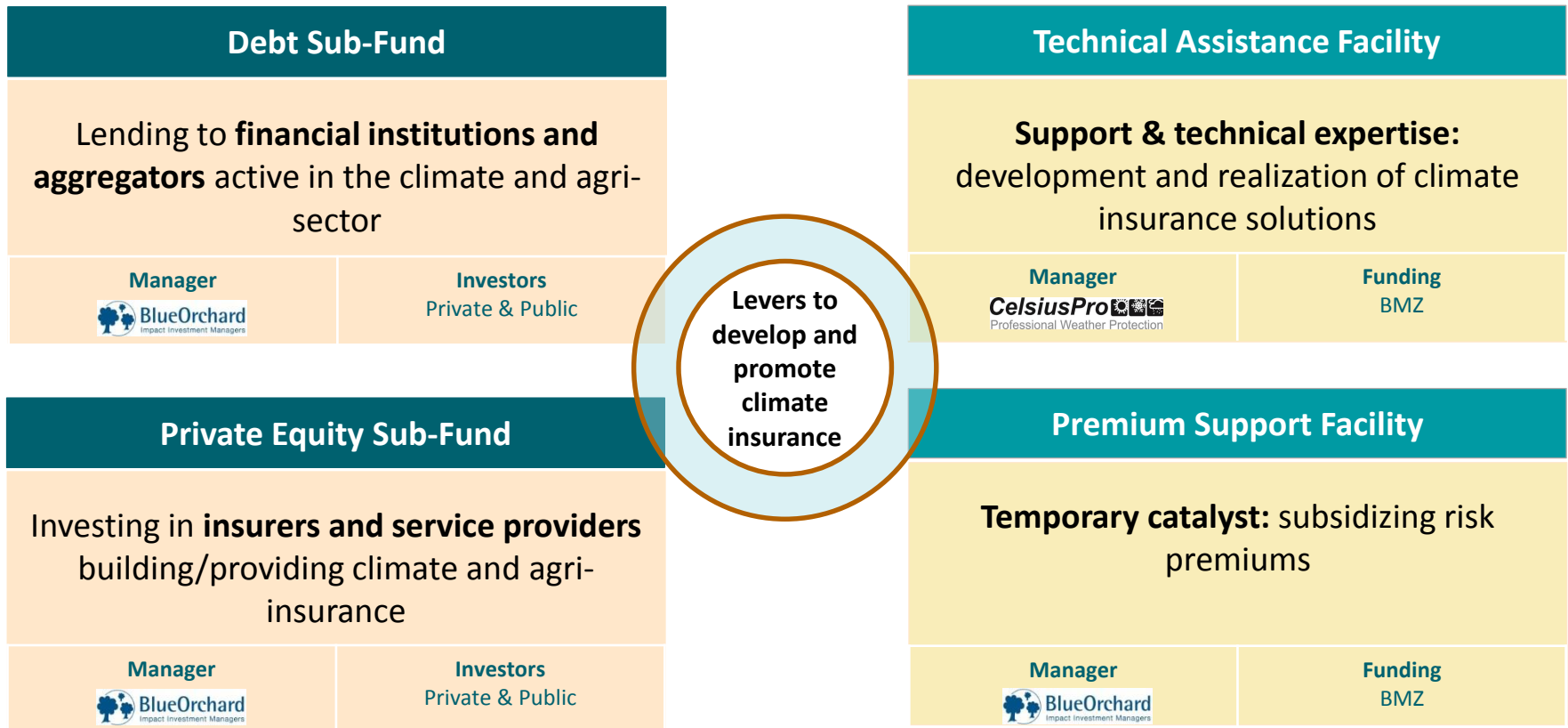
- Founded in Zurich in 2008
- Global insurance digitalization solutions
- Focus on weather, agro and parametric NatCat products
- Seamless front-to-back solutions:
 - data sourcing and analysis,
 - structuring and pricing,
 - policy handling,
 - settlement
- Develop climate and NatCat monitoring tools and
- Provide consulting services
- Winner of the 2009 **Swiss Insurance Innovation Award**
- Winner of the 2014 **Australian Insurance Industry Awards** (Category: Innovation of the year)





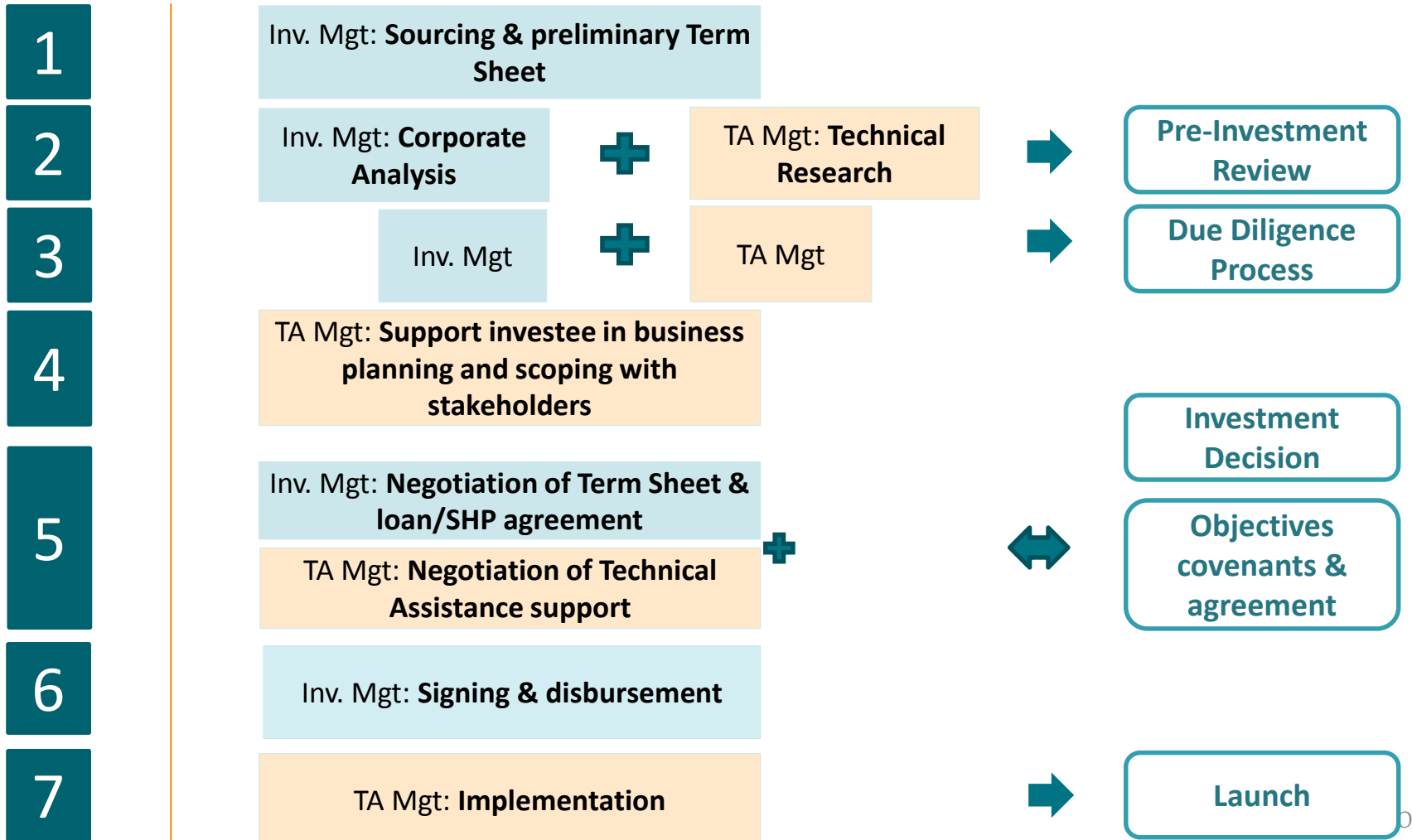
InsuResilience

IIF – A strong PPP based on four Pillars



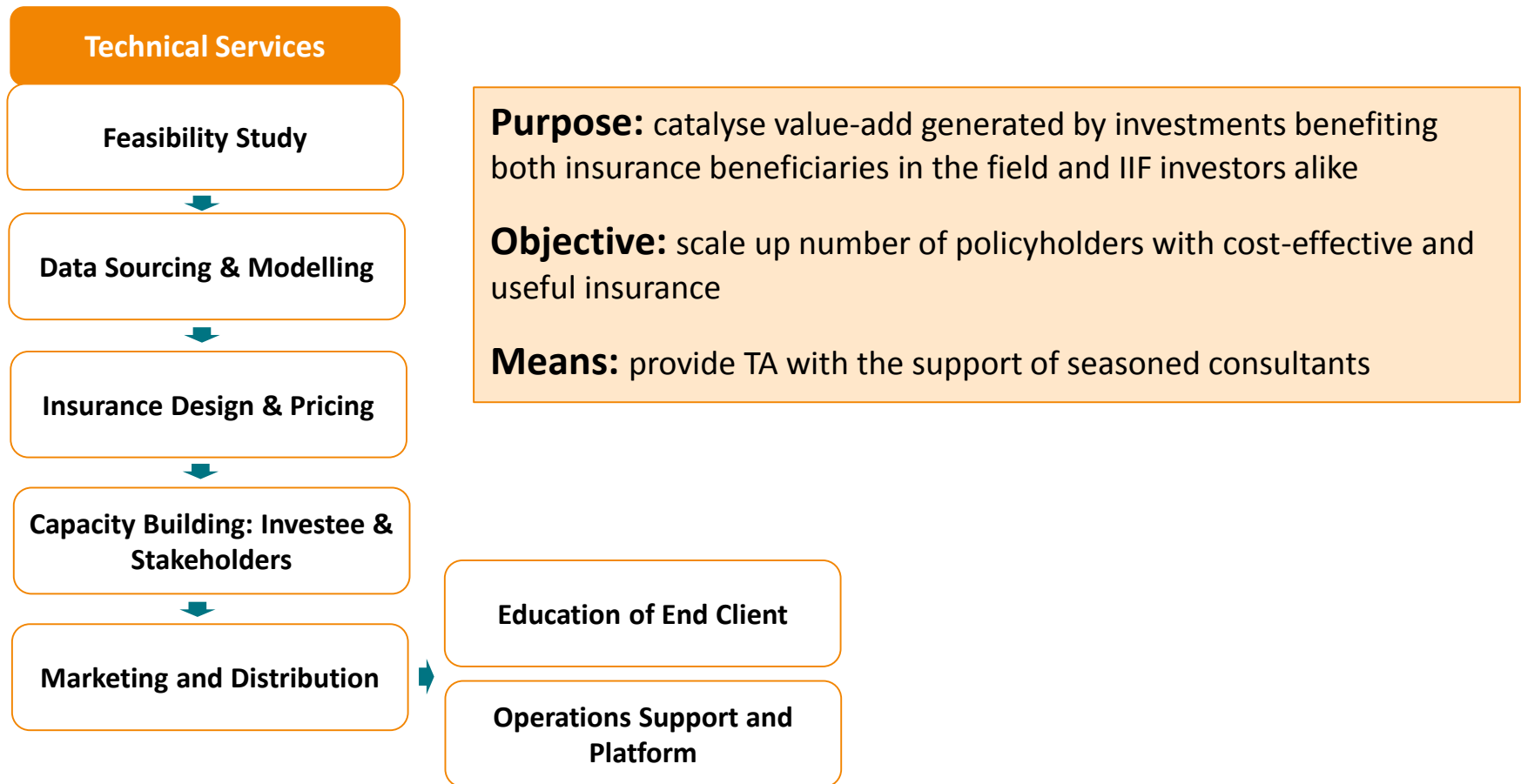


Interaction along the Investment Process





Comprehensive Technical Assistance (TA) for Investees





Reinsurance Business Partners of the Fund

IIF business partners

Contributions



Swiss Re

Supporting IIF business development

Contribute to the sourcing of investees

hannover **re**

Offer underwriting capacity (optional)



Provide technical expertise

Support investees with their network



Private Equity Transaction Example - ASIC

Company Profile

- Lahore-based insurer with 27 branches and 161 employees
- #17 out of 28 in general insurance and # 3 in agriculture in Pakistan
- 108k insured farmers in 2016 including 87k crop and 21k livestock
- Rapid growth in 2011-16 driven mainly by Agriculture

IIF Investment and TA

- IIF subscribed to a capital increase in Q3-17, with disbursement in Q4-17
- Goal: expansion of agricultural insurance products to cover 850,000 beneficiaries by 2020
- TA mandate: Development and distribution of proprietary crop-yield insurance products (actuarial capabilities and risk management)

Climate insurance products

- ASIC currently offers an indemnity-based crop insurance product to low income and vulnerable farmers who hold loans as part of the government crop insurance scheme
- ASIC intends to launch new products for farmers without bank loans and horticulturalists

Recent Experience with climate insurance

- 2010 floods displaced 18m people and 2014 floods displaced 2.5m people
- Few pay-outs due to low insurance penetration – but trigger for government to take action

Pakistan



Snapshot (2016)

Inception: 1979

Branches: 27

Employees: 161

GWP: \$ 5.3mm
(44% agriculture)



Challenges and opportunities

1

Potential demand for insurance is large – while access and capacity is limited

2

Climate insurance for the poor and vulnerable needs to be accessible and affordable

3

Business lines/schemes need to achieve financial sustainability

4

Managing the complexity of the mandate: investees, partners, etc.



InsuResilience

Thank you