



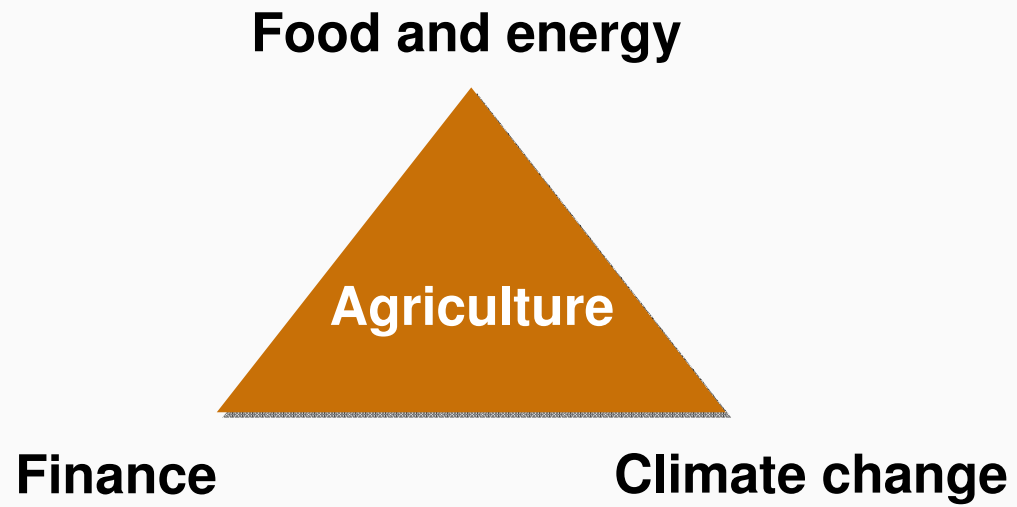
SystemAgro: Sustainable crop insurance in response to climate change

17.11.2009

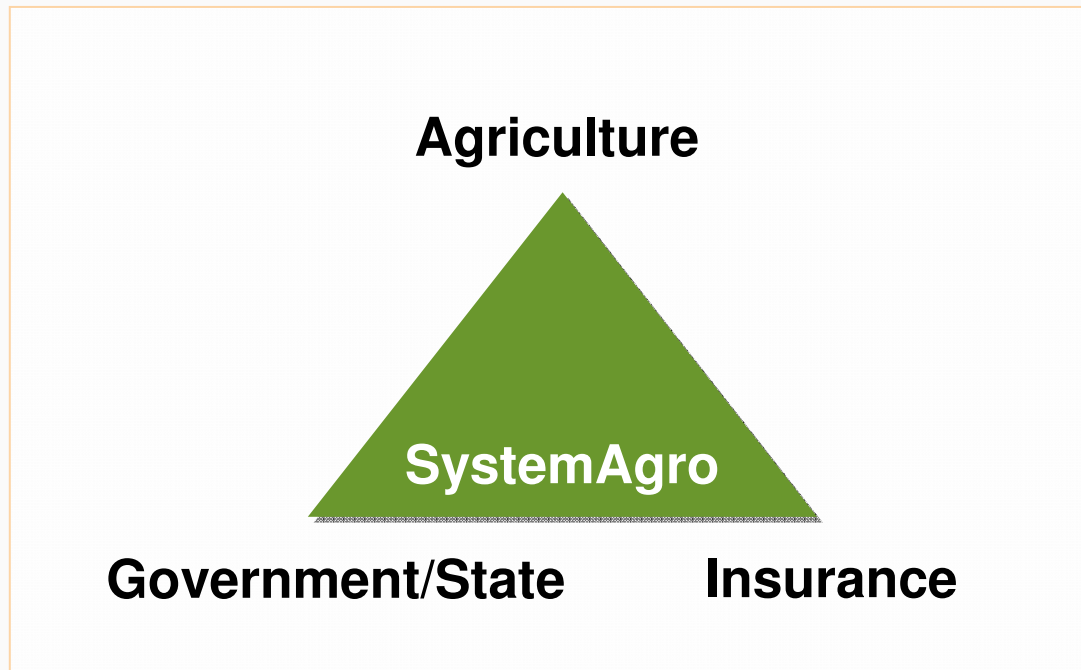
Holger Schwarz

Munich RE 

The "challenge triangle" of agriculture



The “solution triangle” of risk management



Worldwide experience in crop insurance



More than **35 years** of successful crop insurance over an area of **200 mio hectares** prove that SystemAgro is the only sustainable solution.



Why SystemAgro?



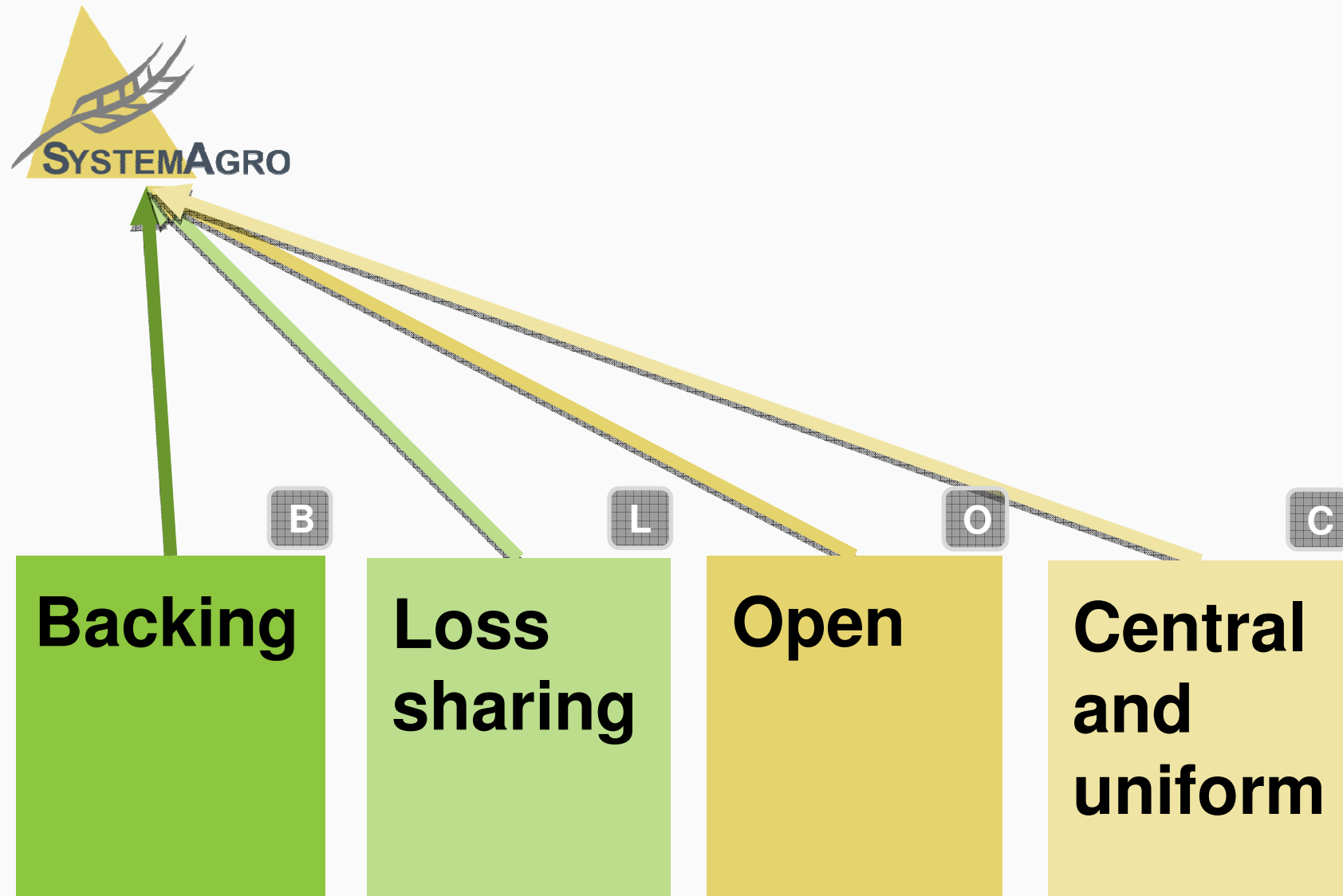
The four pillars of SystemAgro



A tool for individual risk management



The four pillars of SystemAgro: BLOC



Subsidies for crop insurance premiums



- **Background:**
High loss costs in crop insurance lead to high risk rates.
- **Implementation:**
The state must subsidize the premium for crop insurance.
- **Effect:**
Reasonable premium rate with comprehensive risk coverage.



Backing 

-
- **Background:**
In catastrophe years, loss ratios in crop insurance can be significantly higher than in other non-agricultural areas.
 - **Implementation:**
The state shoulders part of the insured catastrophe losses in years with extremely high loss ratios.
 - **Effect:**
 1. The crop insurance system is stabilised.
 2. Premium rates decline as a result of lower volatility in losses.



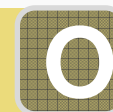

Loss sharing



- **Background:**
High level of market penetration ensures that risks are soundly spread.
- **Implementation:**
Linking premium subsidization with other agricultural policy measures.
- **Effect:**
All farmers can obtain financial support from the state.




Open





- **Background:**
Competing rates and products threaten the sustainability of crop insurance.
- **Implementation:**
Same terms (including products and processes) for all concerned. Central structure for implementation and monitoring of the uniform terms.
- **Effect:**
Transparency, control and efficiency in implementing SystemAgro.





Central and uniform



Functions of the central structure

1. Implementation of legal regulations
2. Implementation and continuous adjustment of uniform conditions for the operation of SystemAgro
3. Licensing of the insurers involved
4. Monitoring of the use of government resources (premium subsidies, loss sharing)
5. Increased efficiency




Central and uniform

A tool for individual risk management:
Multi-peril crop insurance on yield basis



Only the yield-based coverage offers to the farmer what he expects as individual risk management tool.



SystemAgro is a win-win-win situation.

- **Farmer:**
SystemAgro ensures the solvency of the farmer by protecting his individual risk situation.
- **Insurance company:**
System Agro guarantees a sustainable crop insurance system with a view to achieving profitable results over time.
- **Government:**
SystemAgro is provably sustainable for the entire agricultural industry and helps to manage the challenges posed by climate change through a transparent and efficient public-private partnership.



Thank you very much for your attention!

www.SystemAgro.com

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