

Juerg Trueb, Head Weather, Agro & MGA Swiss Re Corporate Solutions

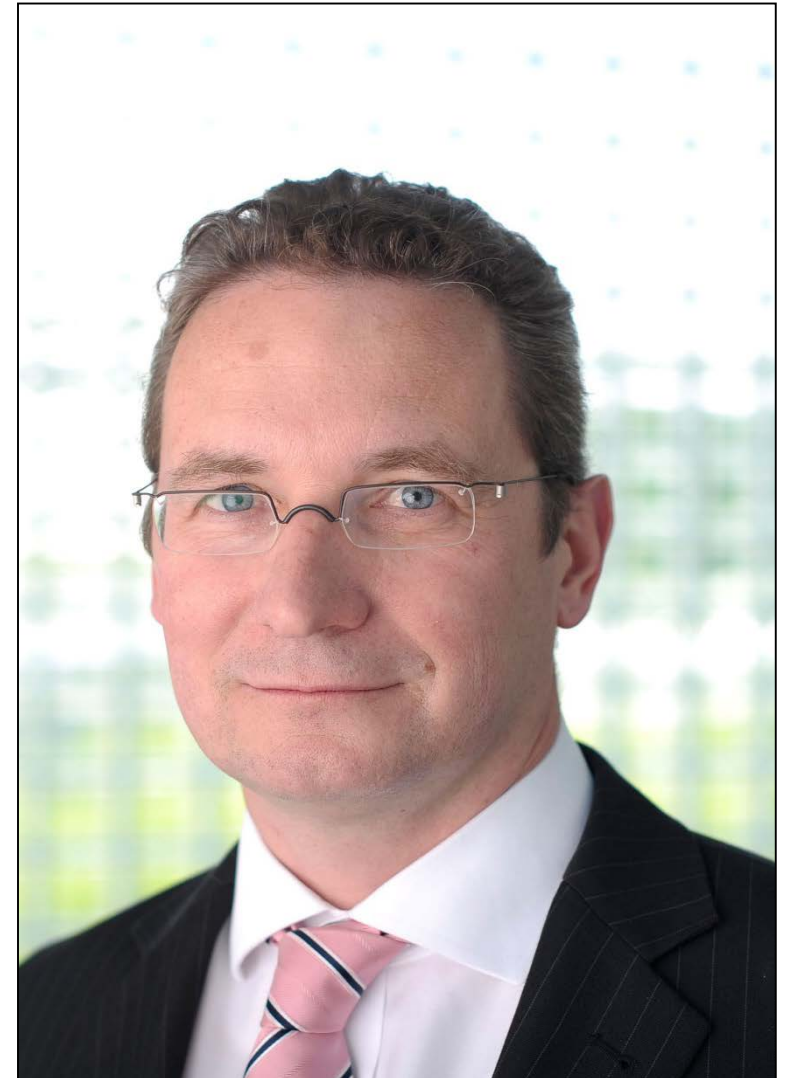
Juerg Trueb is Head of Swiss Re's Environmental & Commodity Markets department.

The unit provides stakeholders of the agricultural and energy sector with financial instruments covering supply and demand fluctuations for goods and services and commodity price risks with a special focus on the agricultural and energy sector.

Juerg set up and managed Swiss Re's Weather & Power Outage as well as the Emissions trading desk, was responsible for Swiss Re's worldwide agricultural and nuclear business, and managed Swiss Re's Atmospheric Perils unit.

He developed risk assessment and pricing tools for European Windstorms, Tropical Cyclones and methods to steer portfolios of natural catastrophe reinsurance contracts.

Juerg holds a PhD in Atmospheric Physics from the Swiss Federal Institute of Technology and a master in Environmental Sciences.





Increasing resilience and strengthening food security

The role of agriculture insurance in Europe

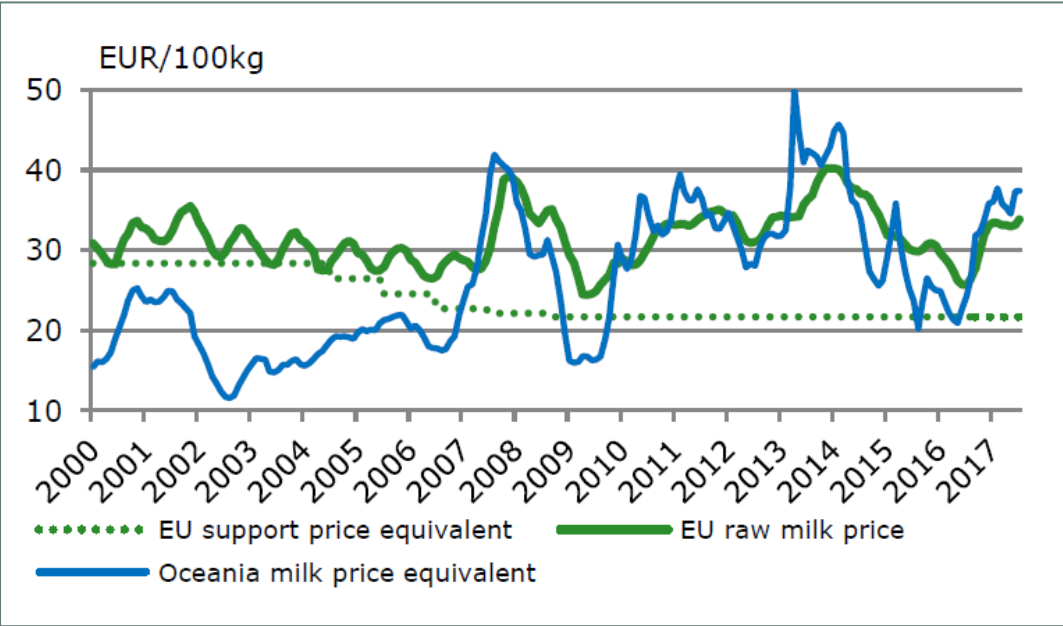
Jürg Trüb, Head Environmental & Commodity Markets, Swiss Re Corporate Solutions



Price and volume risks ...

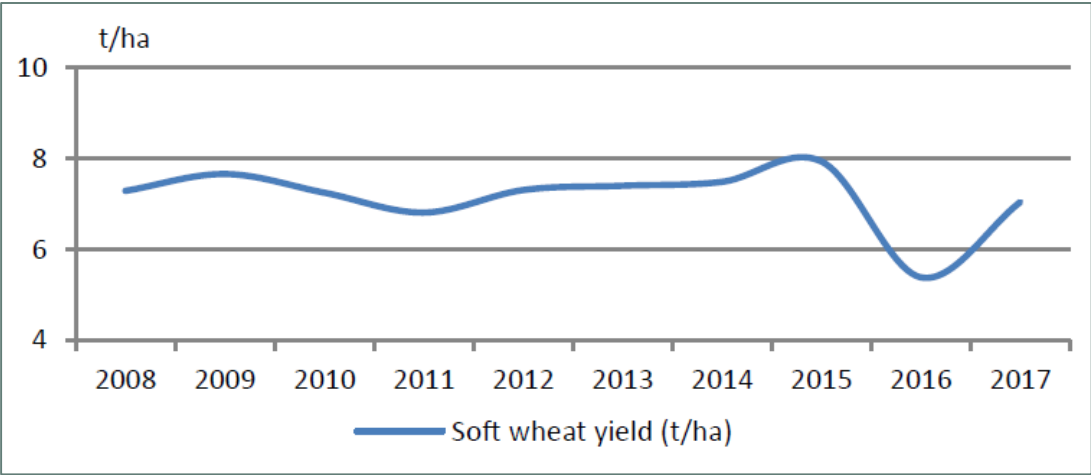
Price Risk

Example: EU raw milk price



Production Risk

Example: Soft wheat production France

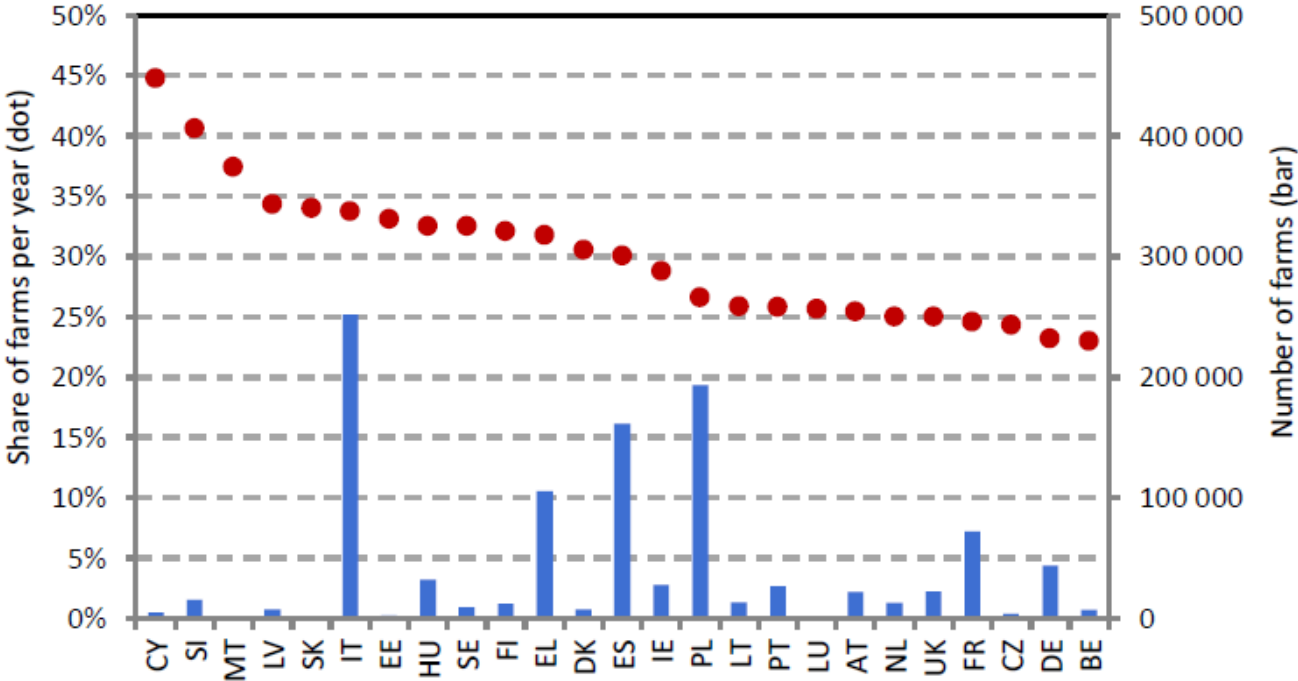


Source: https://ec.europa.eu/agriculture/sites/agriculture/files/markets-and-prices/market-briefs/pdf/12_en.pdf

...affect the agricultural sector

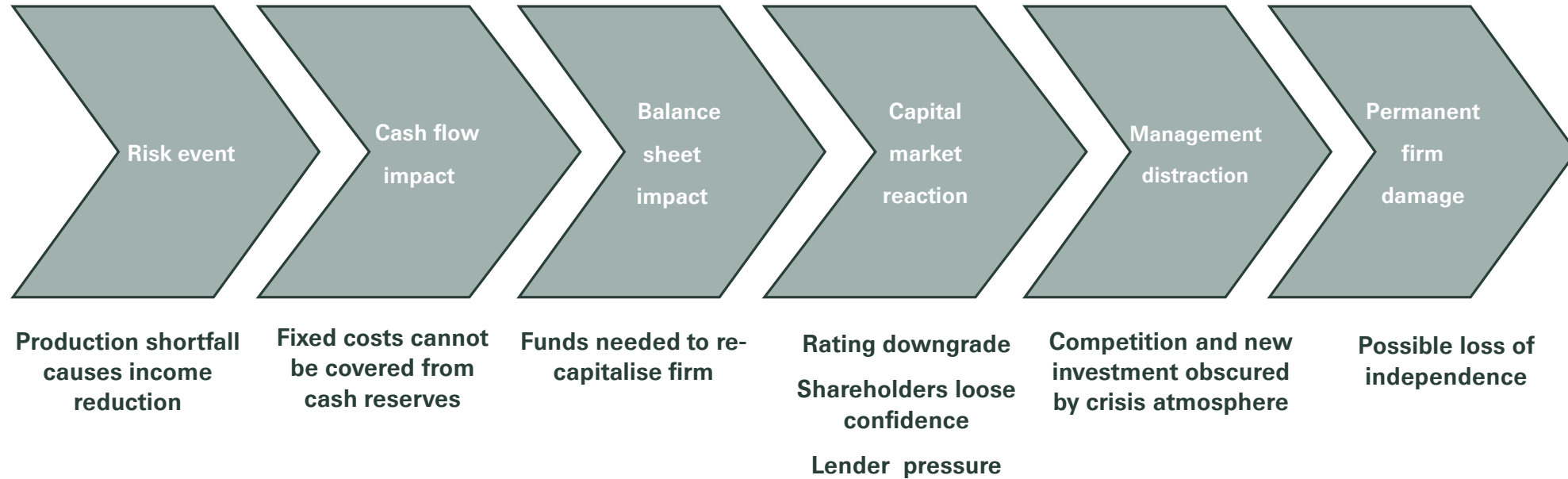
Income Risk

Example: share (lhs) and number (rhs) of farms suffering an income drop above 30% vs average 2007-13 income by Member State in EU-25



Source: https://ec.europa.eu/agriculture/sites/agriculture/files/markets-and-prices/market-briefs/pdf/12_en.pdf

Income volatility affects finance/investment drivers



Financial risks of the agricultural sector

Production volatility affects the entire supply chain:

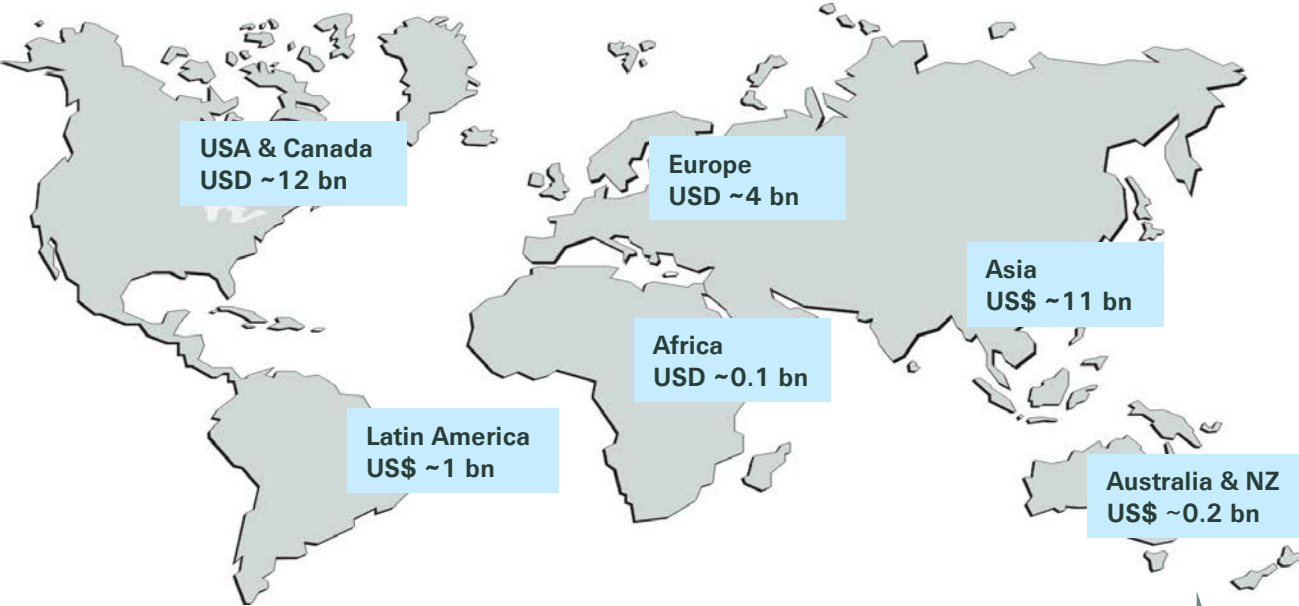
- Farm operators struggle to pay back loans
- Bulk handlers cannot fully use infrastructure
- Processors run at reduced capacity
- Producers default on forward contracts
- Traders buy additional commodities at high price
- Input suppliers suffer from drop in sales volume
- Banks face increased default risk on production loans
- Sector faces higher cost of replacing capital

Production volatility can be insured through crop insurance

Benefits

- Actively manage earning volatility and cash flows
- Increased value proposition to shareholders
- Lower cost of capital; improved credit rating
- Enhanced financial flexibility
- Creation of competitive advantage

Crop insurance premiums & insurance penetration

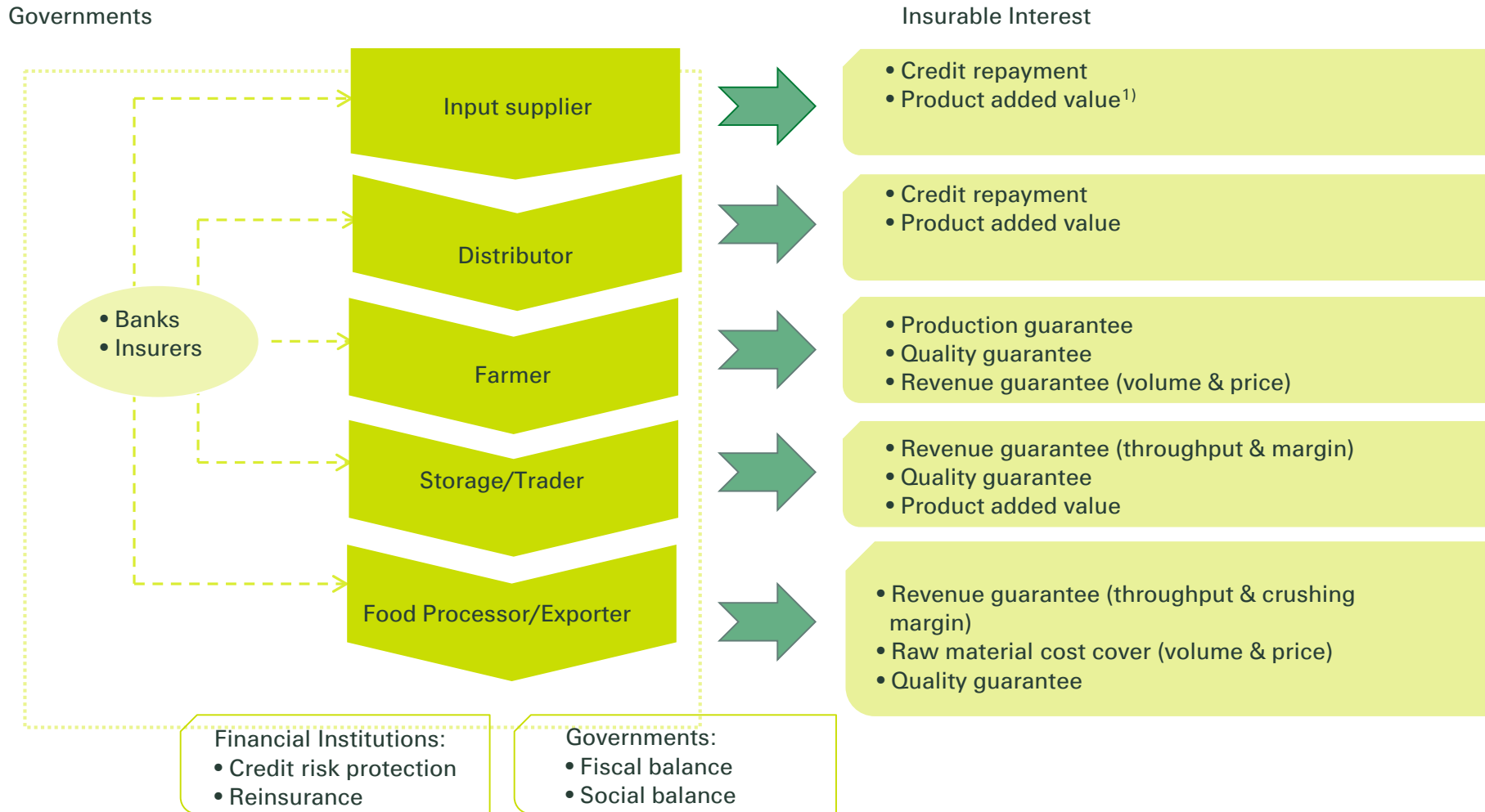


Development status/region	Percentage of farmers insured	Percentage of national area insured
Countries without Premium Subsidies		
High-income	41.7	39.1
Upper-middle-income	44.0	27.3
Lower-middle-income	8.0	2.0
Low-income	0.5	4.7
Countries with Premium Subsidies		
High-income	88.0	47.6
Upper-middle-income	26.7	26.8
Lower-middle-income	15.4	9.7

Source: World Bank Survey 2008.

Low insurance penetration in low/middle income countries with large agricultural production (BRICS¹) and emerging markets)

Agribusiness value chain and insurable interest



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