



## Swiss Re and partners break new ground with cholera protection for women micro-entrepreneurs in Haiti and weather insurance for farmers in Senegal

Contact:

Corporate Communications, New York  
Telephone +1 212 317 5663

Media Relations, Zurich  
Telephone +41 43 285 7171

Corporate Communications, London  
Telephone +44 20 7933 3445

Corporate Communications, Asia  
Telephone +852 2582 3660

Investor Relations, Zurich  
Telephone +41 43 285 4444

Swiss Re Ltd  
Mythenquai 50/60  
P.O. Box  
CH-8022 Zurich

Swiss Reinsurance Company Ltd  
Mythenquai 50/60  
P.O. Box  
CH-8022 Zurich

Telephone +41 43 285 2121  
Fax +41 43 285 2999  
www.swissre.com

**New York, 20 September 2011 – Haiti’s women entrepreneurs will be first in the world to receive rapid insurance payments for income lost by their micro-businesses due to cholera. This programme, along with a five-year, multi-million dollar initiative to help farmers in Senegal boost their food and income security, were announced today at the Clinton Global Initiative (CGI) Annual Meeting by Swiss Re and its CGI partners as their commitments for 2012.**

Global reinsurer Swiss Re works with governments, development organizations, microfinance institutions and NGOs around the world to create and implement innovative risk solutions that strengthen society’s ability to cope with the effects of natural disasters, diseases and climate change.

### **Pioneering cholera insurance for women entrepreneurs in Haiti**

Cholera first appeared in Haiti after the heavy rains in the fall of 2010. This motivated Fonkoze, the country’s largest microfinance organization, Mercy Corps and Swiss Re – all partners in MiCRO (the Microinsurance Catastrophe Risk Organization) to take on the commitment of developing a new cholera insurance scheme which ensures “real-time” payout once a pre-defined set of criteria are met. These include cholera-related hospital admissions and observable weather factors linked to cholera outbreaks.

These parametric policies, which use a specially developed index to closely mirror actual local situations, are especially efficient as they can provide funds even while policy holders wait for medical checkups or other assessments. The scheme is expected to make cholera covers available to Fonkoze’s women borrowers (which currently number 50,000) and their families, and be fully implemented by 2013.

Swiss Re’s Chairman of Global Partnerships Michel Liès explained that the cholera insurance scheme would build on MiCRO’s existing product in Haiti, a natural catastrophe microinsurance cover launched in early 2011 and that provides protection to Fonkoze’s women clients against loss of livelihood caused by earthquakes, floods, and hurricanes. This natural catastrophe solution was recently awarded “2011 Company Launch of the Year” by The Review, a global insurance trade publication, and recognized as the year’s “most significant new venture in an area of market need”.



"Some 4,000 women who lost their homes or business assets in the floods earlier this year have already received USD 1 million in payment. We expect this cholera policy will be similarly effective in ensuring that the infection of an income provider does not result in destitution for the entire family," said Liès. "We also anticipate that the index we develop for MiCRO can potentially be applied to other infectious diseases in other parts of the world."

## **Empowering poor farmers in Senegal to deal with climate risk**

In its second CGI commitment, Swiss Re is working with Oxfam America, the World Food Programme (WFP) and WFP sponsor USAID, to take to Senegal an 'insurance for work' program that will give tens of thousands of that country's poor, small-holder farmers the means to maintain their livelihood despite the potential impact of climate change on their crop yields.

Known as the R4 Rural Resilience initiative, the Senegal project is an extension of a successful pilot in Ethiopia by Swiss Re, Oxfam America and other partners which will be expanded to other countries over time.

Swiss Re will lead the design and implementation of risk transfer solutions that enable these farmers manage their vulnerability to changes in climate, and will contribute an USD 1.25 million over five years to the implementation and expansion of the initiative.

The scheme currently brings the benefits of insurance to 13,000 African households – up from 200 households when it was launched in 2009 – and intends to add another 18,000 in Senegal alone by 2016. Of these, 15,000 are expected to pay for their insurance through labor and 3,000 by cash.

The R4 project makes insurance affordable to even the very poorest members of a community by giving them the option to pay for their premiums with their labour. This innovative insurance-for-work programme will engage farmers in local irrigation and forestry projects intended to reduce the impact of climate change on their villages.

Liès said: "Insurance is a cornerstone of economic growth and stability, and Swiss Re are proud to contribute our expertise so that even the poorest farmers and their families can cope when crops are ruined by drought, flood or other climate related impacts. We have demonstrated that even farmers with no monetary income can build a better future by trading labor for insurance, in ways that also help to strengthen their communities."

The R4 concept is based on four pillars of risk management: community risk reduction, productive risk taking, risk transfer and risk reserves which together create rural resilience. As the only commercial re/insurance company on the R4 strategic advisory board, Swiss Re



will lead the design and implementation of these ground-breaking risk transfer solutions in Ethiopia and Senegal.

## The power of partnership

Throughout the world, the increasing severity and frequency of natural catastrophes and climate change impacts are driving up the costs of disaster relief and reconstruction. The large gap between actual economic losses and insured losses is especially problematic in developing and emerging markets which are usually most impacted but least prepared.

"We are proud to contribute our insurance expertise to strong partnerships such as R4 and MiCRO which focus on enabling the most vulnerable to recover faster in the wake of a disaster. It is important to Swiss Re that the partnerships we engage in involve credible partners, that they carry a long term perspective with the potential for scale up and transfer, thus over time benefitting more people, in more regions," concluded Liès.

## Swiss Re Ltd

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## Swiss Reinsurance Company Ltd

Swiss Reinsurance Company Ltd is a leading and highly diversified global reinsurer and part of the Swiss Re group of companies. The company operates through offices in more than 20 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Reinsurance Company Ltd is rated "A+" by Standard & Poor's, "A1" by Moody's and "A" by A.M. Best.

## About MiCRO

- **Microinsurance Catastrophe Risk Organization (MiCRO)** is a microinsurance/reinsurance platform established in Barbados in 2011. MiCRO currently offers parametric hurricane, rain and earthquake coverage to the borrowers of Fonkoze. MiCRO intends to expand its activities to other jurisdictions and product lines. With **Fonkoze** and **Mercy Corps**, **Swiss Re** is a strategic partner to MiCRO and currently serves as its sole reinsurer.
- **Fonkoze** is the largest microfinance institution in Haiti, serving more than 50,000 women borrowers. Fonkoze operates with a network of 47 branches covering every region of Haiti.
- **Mercy Corps** is one of the world's largest international non-governmental organizations providing communities with the tools and support they need for economic development. Mercy Corps is represented in more than 40 countries, with over USD 260 million grants in 2010.

Since its launch in 2011, MiCRO has effectively demonstrated how insurance can help microfinance borrowers get quickly back on their feet after disasters such as the heavy rains which devastated Haiti in May 2011. The approach emphasizes the



prevention and mitigation efforts proven successful in other countries, while recognizing that access to short term capital is also needed to sustain lives and businesses at times of need.

MiCRO recently received insurance trade publication The Review's Worldwide Reinsurance Award for "company launch of the year." The magazine said, "MiCRO represents a significant new venture in an area of market need, with the ability to make a real impact over a short period of time. It demonstrates the viability of a scalable model that has potential to be applicable throughout the developing world."

### **About the R4 Rural Resilience Project**

The R4 Rural Resilience Initiative is a strategic collaboration between the United Nations World Food Programme (WFP) and Oxfam America (OA), with support by the United States Agency for International Development (USAID) and Swiss Re respectively. R4 builds on the initial success of the Horn of Africa Risk Transfer for Adaptation (HARITA) project to test this innovative approach on a large scale in additional regions of Ethiopia and three other countries over the next five years.

As the original collaborator on risk transfer in Ethiopia, Swiss Re is supporting the R4 initiative as a founding and exclusive insurance sector sponsor and will provide technical leadership in the field of insurance and reinsurance. Swiss Re will be a representative on the initiative's Strategic Advisory Board and Technical Advisory Board, which will be coordinated and chaired by Oxfam and WFP.

To achieve the goals of the R4 project, OA and WFP plan to raise USD 28.5 million from donors, independent foundations and corporate sponsors. Together, they have established a global coordination team that acts as the primary coordinator of the initiative. Among other duties, the team will provide technical support and resource mobilization in Senegal.