

Europa Re visits the FYR Macedonia in preparation for the creation of weather risk insurance products for the agricultural sector

19 August 2012 - During a three-day mission in FYR Macedonia, Europa Re representatives attended two agricultural forums organised by the National Extension Agency for Promotion of Agriculture (NEA). The team also visited several commercial agricultural companies and had meetings with representatives from the Insurance Supervision Agency, the World Bank country office and the Federation of Farmers.

The mission's objectives were to:

- 1) Introduce Europa Re and the agricultural insurance products the company intends to develop;
- 2) Gather feedback about farmers' risk management practices;
- 3) Learn more about weather risks affecting agro businesses; and
- 4) Understand farmers' perceptions on agricultural insurance products and subsidies.

This mission provided Europa Re with knowledge of the Macedonian agricultural sector and some of the specific weather perils affecting agro businesses' yields, quality and profits – hail, drought, spring frost, extreme precipitation and high temperature being the most damaging weather occurrences. The team had discussions with food processors, wineries, commercial and individual farmers in central and southeast areas of the country - Bitola, Kavadarci, Negotino, Krivogashtani and Rosoman.

At the two agricultural forums (concerning tobacco production in Krivogashtani; peach and apricot production in Rosoman) Europa Re discussed specific weather risk problems and overall market concerns with individual farmers. In Krivogashtani, a local journalist team was documenting material which will further inform local farmers of Europa Re activities. Conclusions from these forums indicate that lack of adequate insurance information, distrust in claims settlement practices, high premiums and local insurers' passive approaches are among the main reasons for low weather insurance penetration. By closely communicating with farmers and understanding their business needs the company expects to conduct accurate market assessment and design innovative, affordable, suitable and easy to use weather insurance coverage.

The Europa Re team consulted with NEA about questionnaires to be designed and distributed in the forthcoming months amongst farmers throughout the country. The research findings will be used as direct input in developing Europa Re weather risk insurance products tailored for the Macedonian market. Together with the government, Europa Re also intends to help in developing a coherent agricultural insurance subsidy program that would give farmers greater confidence in risk mitigation and generate long- term sustainability of the agricultural sector.

Europa Re is looking forward to continue its cooperation with the Macedonian agricultural sector.