

Europa Re's latest Mission in FYR Macedonia – A New Partnership Agreement with the Ministry of Agriculture, the World Bank, the Insurance Supervision Agency and the Agency for Promotion of Agriculture to develop the National Agricultural Insurance Program

22 June 2012 - Europa Re and World Bank representatives organized a series of meetings with local insurers, government agencies and the Ministries of Finance and Agriculture during a three day mission in FYR Macedonia. The objective was to gather additional information about the Macedonian insurance market, and strengthen cooperation with relevant government institutions for project activities in the upcoming period.

The main conclusion about the current state of the Macedonian insurance market is that there is a lack of real opportunities for individual and commercial farmers to hedge their operational risk to adverse weather conditions. This results in approximately one percent of agricultural SMEs being insured against natural perils even though an extensive insurance premium subsidy program is currently in place.

Europa Re aims at creating catastrophe indemnity and weather risk related insurance products specifically tailored to farmers' business needs. By identifying the farmers' production risks the company intends to design customized insurance products that will improve the sustainability of the Macedonian agricultural sector, adequately address farmers' business needs and increase the penetration of the insurance market. Europa Re will also propose to the government the appropriate designs for subsidy programs to support these new insurance products.

This mission initiated a new partnership agreement between Europa Re, the World Bank, the Insurance Supervision Agency, The Ministry of Agriculture and the Agency for Promotion of Agriculture as a major step forward towards increasing the level of insurance coverage against natural perils among the Macedonian farmers. Under the aforementioned Partnership Framework

- 1) The insurance Supervision Agency will act as a focal point for communication and coordination with the MoA, all relevant agricultural organizations, as well as the local insurers.
- 2) The World Bank will ensure that the work on agricultural insurance fits with the broader Bank dialogue with the GoM on improving the efficiency of government subsidies to agriculture.
- 3) The Ministry of Agriculture, will act as the main client and recipient of technical assistance from Europa Re under the Partnership Agreement. The Ministry showed strong support for the program and requested that Europa Re present an action plan for the implementation of the program by the early September, 2012. It was also agreed that after the design of new insurance products, the Ministry of Agriculture, The Insurance Supervision Agency and Europa Re will coordinate efforts for a nationwide public relations campaign and will utilize various channels for promotion of new agricultural insurance products to be designed by Europa Re.



- 4) The Agency for Promotion of Agriculture will contribute its technical knowledge of local agriculture and its extensive communication network with farmers. This Agency will also help Europa Re's product development team with gathering necessary data about farmers' insurance needs and business models, providing human resources for local coordination, enabling proper communication with farmers through their weekly forums and promoting Europa Re's insurance services.

By establishing the framework of this institutional synergy, Europa Re believes that it will succeed in facilitating better and wider insurance coverage among Macedonian agriculture companies.