

Europa Re Introduced Innovative Agriculture Yield Index Insurance Product in FYR of Macedonia

15 September 2014 - Europa Reinsurance Facility Ltd. – the Swiss-based specialty property catastrophe reinsurance company which operates an innovative catastrophe risk insurance market development programme for natural disasters and adverse weather risks – Southeastern Europe Catastrophe Risk Insurance Facility (SEEC CRIF), presented the first Area Yield Index Insurance (AYII) product for protection of specific crops in the Macedonian agriculture sector. A press conference on the launch of Europa Re endorsed AYII took place in the capital of the country, the city of Skopje, and was attended by government representatives, partners and media representatives.



from L-R: Klime Poposki (President of the Council of Experts of the Insurance Supervision Agency); Mrs. Nadica Jovanovska-Boshkovska (Head of Europa Re Representative Office in FYR of Macedonia); Mr. Vanco Kostadinovski (Deputy Minister of Agriculture, Forestry and Water Economy of FYR of Macedonia); Mrs. Sonja Trajkova (Spokesperson of the Ministry of Agriculture, Forestry and Water Economy of FYR of Macedonia)

The AYII product will be sold by certified local insurance companies that participate in Europa Re programme. By providing an opportunity to farmers to insure the expected yields of their crops, AYII aims to protect farmers from all types of adverse weather risks, such as drought, floods, frost, torrential rains, hail and other risks, which affect wider areas (e.g. municipalities) and can significantly reduce crop yields.

"The Ministry of Agriculture, Forestry and Water Economy has been encouraging and financially supporting agricultural producers to insure their crops against adverse weather several years in a row. Ever since this Government started subsidizing insurance, the farmers are increasingly considering how to adjust the insurance



*policies to their needs and the insurance companies are thinking how to get closer to the users”, said **Mr. Vanko Kostadinovski**, the Deputy Minister of Agriculture, Forestry and Water Economy of FYR of Macedonia, stressing that “precisely because Macedonia is the first country in the region that introduces this kind of indexed insurance in agriculture, it is an excellent indicator of the care and the strategic approach that the Government has undertaken in supporting agricultural development. In addition, the existing measures for subsidizing 60% of the agricultural insurance policy costs apply also to the new insurance product”.*

AYII is an original and innovative agriculture insurance product, developed and endorsed by Europa Re. The product utilizes measurement of potential losses of farmers’ crops caused by adverse weather based on the index of the average yield at a municipal level for each particular crop. In this way, the insured farmers receive compensation for damages if the realized average yield at the municipality level in a given year is lower than the contractually agreed reference level of crop yields which in turn is set based on the historic yield average for the index municipality.

*“This is a unique approach to insurance in agriculture, which treats all farmers equally at the municipal level. Claims payments related to insured losses will be completed automatically, instead of using the traditional on-site assessment of the damages and losses of individual agricultural parcels. In this way, the overall process is further simplified and the claims management system is significantly accelerated. This provides additional security for the farmers,” said **Mr. Klime Poposki**, the President of the Council of Experts of the Insurance Supervision Agency of FYR of Macedonia. Mr. Poposki expressed satisfaction that when creating the new product Europa Re has used the most advanced risk management technology and the strictest accreditation standards for domestic insurance companies who will sell the policies, while at the same time offering quality reinsurance which provides additional security in the functioning of the entire system.*

The new agricultural insurance product will be sold only by local insurance companies that will be certified to participate in Europa Re programme. Europa Re will provide appropriate expertise, technical support and quality reinsurance for all policies issued by local partner insurance companies. This innovative agriculture insurance programme will initially offer policies providing insurance coverage for autumn wheat and barley. Starting 2015, farmers will be able to purchase AYII policies covering spring corn and wine grapes as well.

*“The analysis and facts indicate that climate change has become a serious threat to Macedonia as well. Over 40% of the territory of the country is vulnerable to drought and we have witnessed that this year, similar to last year, excessive rainfall and hail caused serious damages in the agriculture. Insurance of yields against extreme weather can help farmers protect their businesses against these prevailing risks, thus also protecting their standard of living,” said **Mrs. Nadica Jovanovska-Boshkovska**, Head of Europa Re Representative Office in FYR of Macedonia. Mrs. Jovanovska-Boshkovska announced that immediately after the launch of AYII, Europa Re will organize a series of presentations to directly introduce the farmers and their associations with the benefits of the new insurance product in collaboration with the Ministry of Agriculture, Forestry and Water Management,*



the National Extension Agency and the first certified partner insurance company of Europa Re – Albsig Macedonia.

Europa Re Board of Directors and Management Team look forward to the successful introduction of AYII in the Macedonian market and express greatest appreciation for the received support from the Government of FYR of Macedonia, the Ministry of Finance and the Ministry of Agriculture, Forestry and Water Economy in implementing the SEEC CRIF catastrophe risk insurance programme in the country.

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