



# BlueOrchard

Impact Investment Managers



**The Challenges of Climate Insurance for small Farmers:  
First experience of the Insurresilience Investment Fund**

November, 2017

## Agenda

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**1** Insuresilience Investment Fund

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**2** Some Lessons Learned

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**3** Examples

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**1** Insuresilience Investment Fund

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2 Some Lessons Learned

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3 Examples

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# The InsuResilience Investment Fund



The InsuResilience Investment Fund (IIF) aims to increase protection of the poor and vulnerable from extreme weather events and natural catastrophes by promoting the development and distribution of climate insurance products.

To this end, the IIF provides **senior and subordinated debt financing**, complemented by **technical assistance** and **premium support**. Investees are required to have the main focus of operations in countries and territories eligible to receive **official development assistance** as defined by the OECD.

Climate insurance is defined as insurance covering weather-related risks, e.g. excess rainfall, drought, heat, storms, and including property, business interruption and agriculture insurance (crop and livestock).



# The InsuResilience Investment Fund at InsuResilience InvestmentFund

## Fund Sponsors

On behalf of



Federal Ministry  
for Economic Cooperation  
and Development

**KFW**

## Fund Manager



**BlueOrchard**  
Impact Investment Managers

## Technical Assistance and Premium Support Manager

**CelsiusPro**   
Professional Weather Protection

## Reinsurance Business Partners

*hannover re*<sup>®</sup>  Swiss Re **Munich RE** 

## Fund Structure

### Umbrella Fund

#### Private Equity Sub-Fund

USD 100mn

#### Private Debt Sub-Fund

USD 200mn

### Technical Assistance Facility

EUR 11mn

### Premium Support Facility

EUR 6mn

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1 Insuresilience Investment Fund

**2** Some Lessons Learned

3 Examples

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## Some lessons Learned

- Many small farmers do not perceive climate risk as their main risk
- The risks of plagues, crop diseases and commodity prices compete with climate risk
- Individual policies should therefore include all insurable aspects related to crops
- Only a fraction of small farmers is willing to pay for such an insurance. (in our most successful existing case in Latin America only one third took an insurance)
- Alternatively scale can be reached by a portfolio hedge. The cost can be passed on if small scale farmers do not have alternative sources of finance or if they perceive the insurance policy as a plus in comparison to other credit suppliers
- Parametric products are still scarce because of a lack of infrastructure. (points for weather measurement)
- Satellite pictures may offer alternatives in certain regions

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1 Insuresilience Investment Fund

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2 Some Lessons Learned

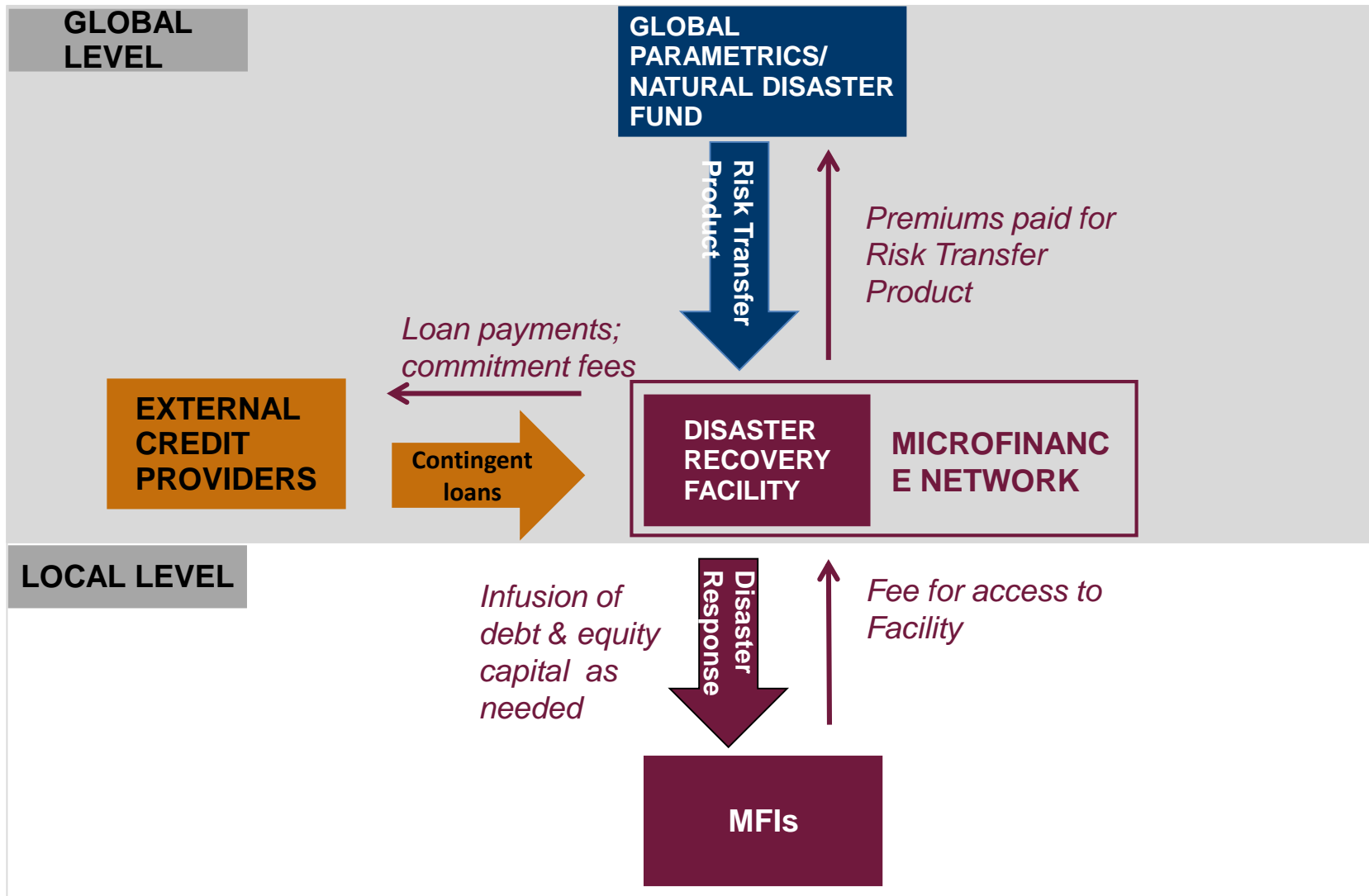
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**3 Examples**

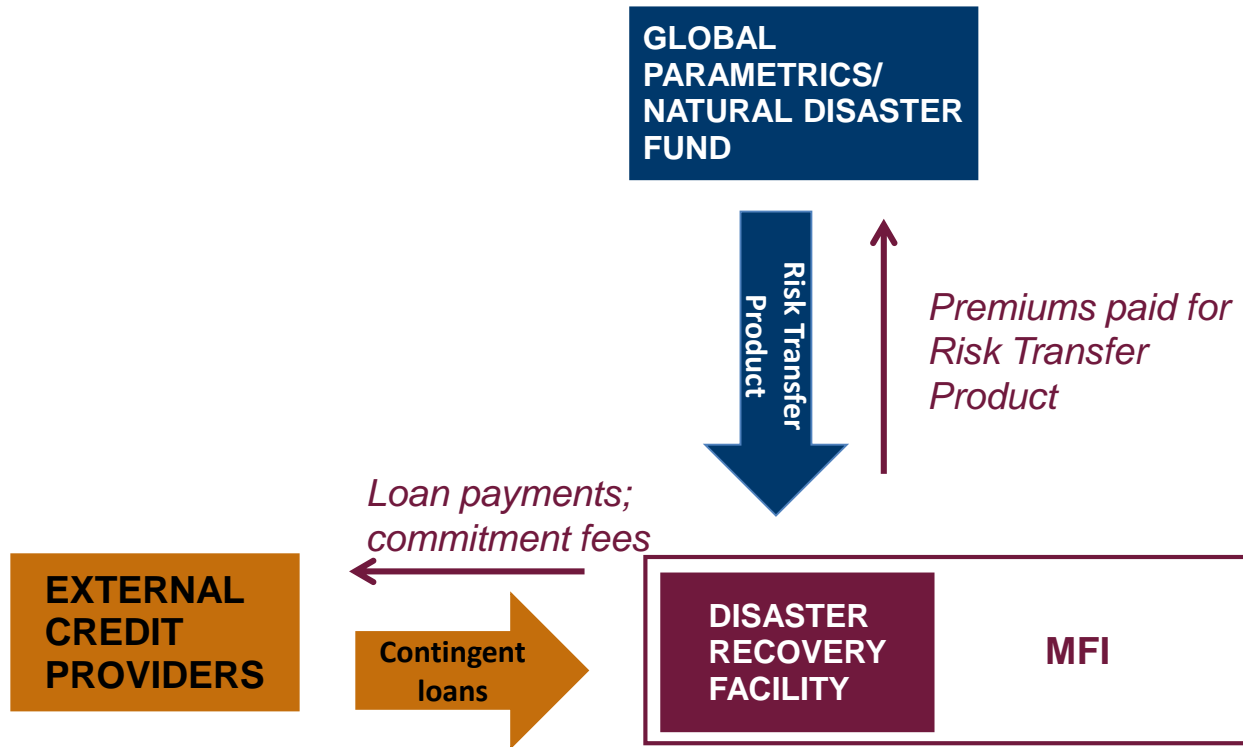
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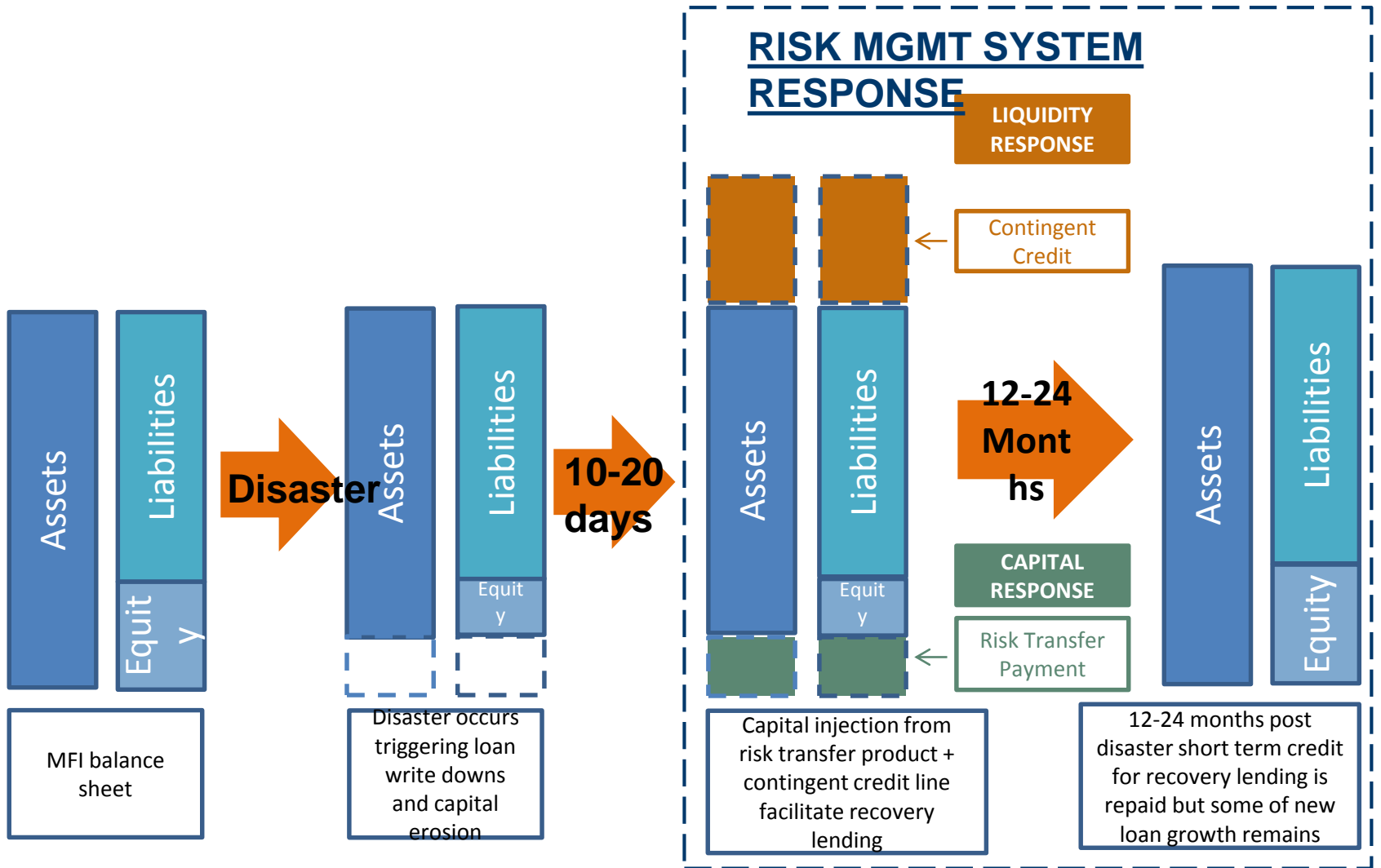
## Structured Financial Solution



## Structured Financial Solution



# Targeted Outcomes



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