News release

First parametric insurance programme against risks of natural disaster for farmers in China

- **The programme covers 28 counties across Heilongjiang province against flood, excessive rain, drought and low temperatures**
- **Innovative insurance uses satellite and weather data to allow faster payouts than traditional cover**
- **The public-private partnership puts funding in place for Heilongjiang government when disaster strikes**

Beijing, 3 August 2016 — Swiss Re has entered into a reinsurance protection scheme with the government of Heilongjiang Province and the Sunlight Agriculture Mutual Insurance Company of China. This is the first time that the Chinese government employs commercial insurance programmes to protect farmers against financial risks from natural catastrophes. It's also the first anti-poverty insurance deal in China and the first tailored solution combining a weather index product with a satellite-based flood parametric product. As the technical adviser and the sole reinsurer, Swiss Re design the scheme with advanced modeling technology.

The scheme covers 28 poverty-stricken counties in Heilongjiang Province in Northeast China. It provides financial compensation for harm to lives and property of farming families and covers loss of income after floods, excessive rain, drought and low temperatures. The total coverage for the 28 pilot counties is up to RMB 2.32 billion (or USD 348 million).

Heilongjiang is highly exposed to natural disasters. The possibility of substantial and unexpected payouts for disaster relief and post-disaster reconstruction represents a significant financial risk for the provincial and prefectural governments. For the people living in the region, the insurance solutions will reduce the risk of poverty following such events.

This solution, which is the first of its kind, determines insurance payouts based on triggers from satellite and meteorological data. Compared with traditional insurance, this programme enables a greater efficiency in payments and therefore strengthens the governments' capability in emergency management. With this programme, the local governments will have capital available for disaster relief and post-disaster reconstruction in the event of a severe disaster.

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Swiss Re Global Partnerships Chairman Martyn Parker said: "This is a real innovation and a groundbreaking success in supporting China to protect against fiscal fluctuation caused by natural disasters. It has also set up an excellent example of public private partnership in mitigating natural catastrophe risks with insurance programmes."

Swiss Re President for China John Chen said: "It is one of the top priorities of the government bodies in China to better manage natural catastrophe risks, and it has been the desire of the insurance companies in the market to play a bigger role in this sector. We are pleased to bridge the cooperation with an innovative solution and would look forward to replicating the solutions for other provinces in China. "

Note to editors

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- uncertainties in valuing credit default swaps and other credit-related instruments;
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- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
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