



AXA's parametric insurance solutions for agriculture: using innovative technology to protect yield in real time

Agriculture is one of the world's most important industries, and is also the most vulnerable to climate change. Undeniably, in recent years, extreme weather events have increased in their number and severity, e.g. more frequent and severe droughts, unpredictable precipitation, unexpected frost events, and more, with drastic consequences for farmers throughout the globe. Farmers in emerging markets are especially hard hit and vulnerable to climate change, as they are more exposed physically, and have significantly less capacity to adapt.

So, what solutions exist? Today, traditional agricultural insurance has some setbacks for farmers of all sizes, namely affordability and timeliness. Important frictional costs (e.g. distribution costs, claims handling costs, support functions) make the insurance product quite costly for both the insurer and the client. What's more, as there is a claims handling process, the time lag between a claim and a payout can be of several months or even a year in some cases. In emerging markets, that wait is critical.

In response, AXA leverages a new approach, called "parametric", using improved technology and innovation in product design, to optimize the agricultural insurance product for end users and in partnership with their brokers. AXA's parametric products are ideal solutions for agricultural clients of all types across the globe, including cooperatives, commodity traders, agribusiness actors, and smallholder farmers.

WHAT MAKES PARAMETRIC INSURANCE A HIGHLY EFFICIENT SOLUTION FOR FARMERS ?

1

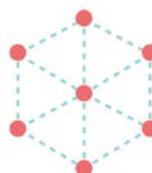
Better technology



More precise satellites with data worldwide, in high frequency or even in real time

2

Enhanced models and data processing methods



Improvements in correlational models, machine learning, predictive analysis and data processing



How does parametric insurance for agriculture work?

- 1** Parametric insurance uses historical agricultural, weather, and vegetation data across the globe (e.g. through weather stations, national statistical bodies, or advanced satellite technology)
- 2** That data is correlated to the crop's historical development or agricultural yield, thanks to enhanced models and sophisticated data processing methods. To improve accuracy, the models also consider future trends, e.g. El Niño effects, global warming trends, etc...
- 3** The client, broker and insurer agree upon a certain weather threshold that reflects abnormal crop health, to trigger the claims payment. Once that threshold has been reached (e.g. plant development X points below normal, rainfall below X mm during a given period), the client receives a payout within just a few days.

Thanks to parametric insurance, there is no claims handling process or costs, and the product is thus much more economical for the client. Additionally, as payout is triggered based on an independent index, the insurance pays out very quickly, allowing the client to recover rapidly from a weather event, and eventually replant in that same year.

To find out more about AXA's parametric solutions, please discover our White Paper [here](#).

For enquiries, please contact AGPC.parametric@axa.com