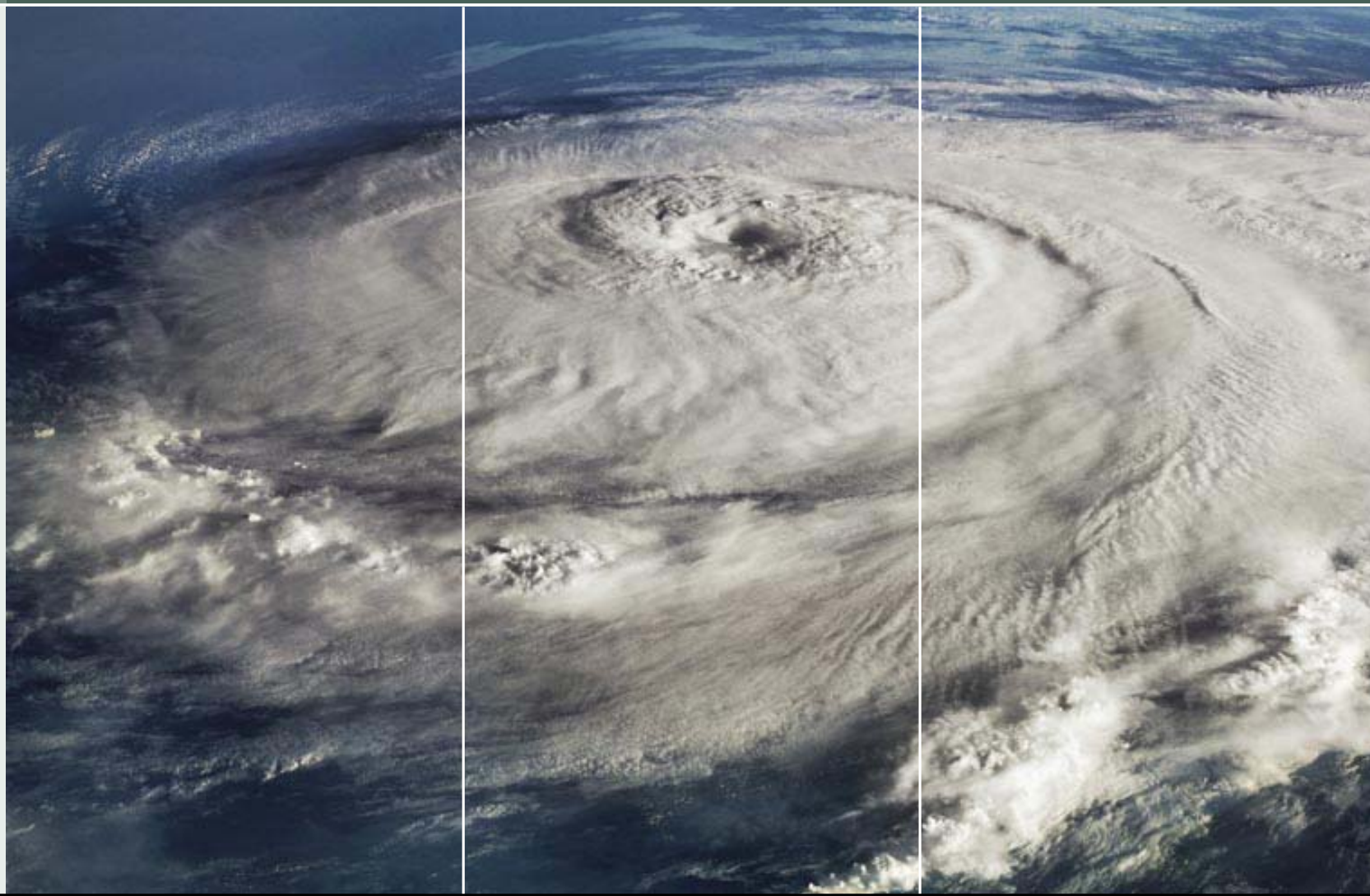


Swiss Re



Insurance solutions for emerging markets



Management of Catastrophies
OECD Conference, Hyderabad
27-28 February 2007

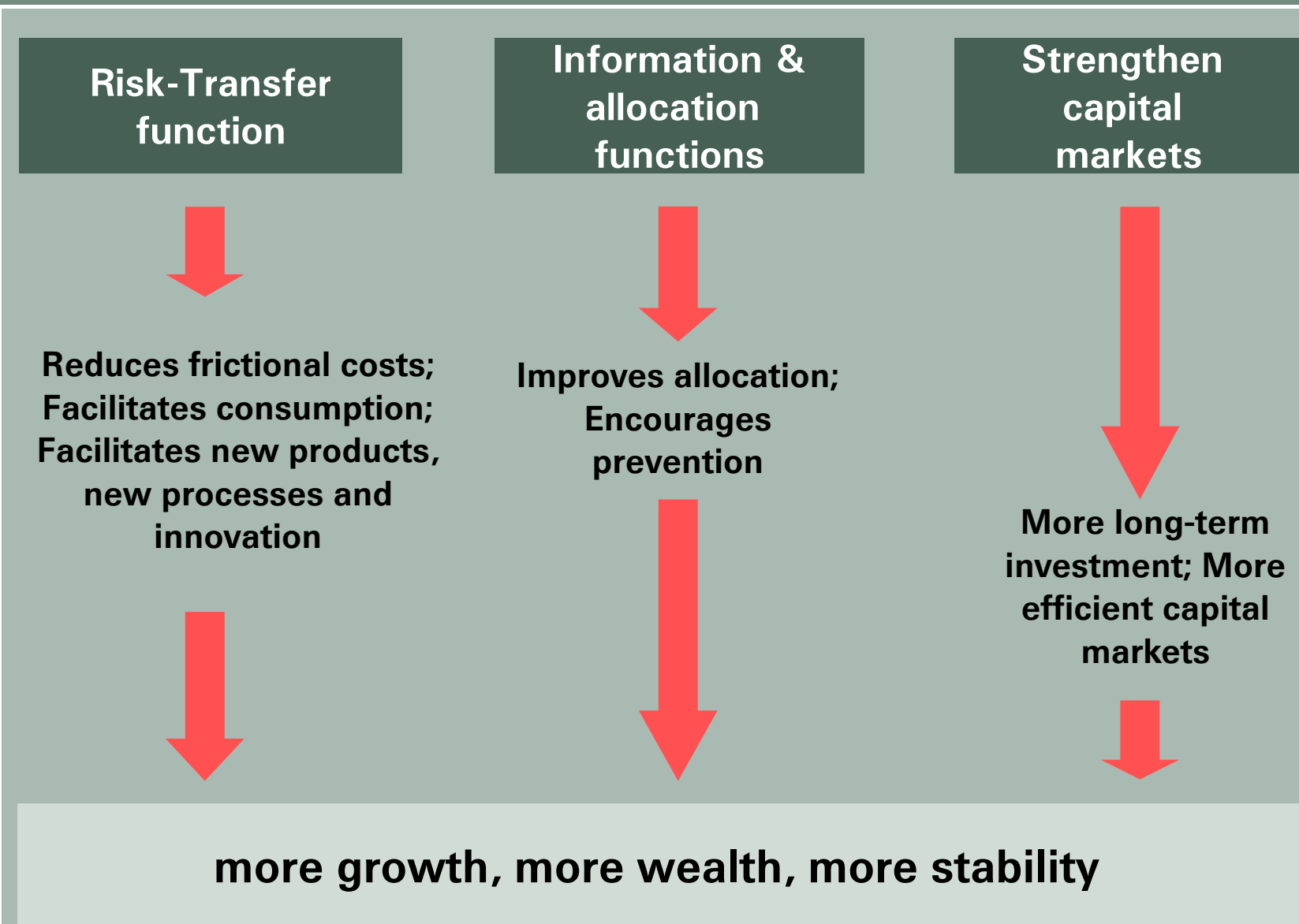


Today's agenda

- Importance of insurance to emerging markets
- Public-private partnership in delivering insurance solutions
- What is needed for a successful public-private partnership?



Economic benefits of insurance





Major cat events hitting emerging markets



Event	Victims	% of pop	Economic loss USDm	% of GDP	Insured loss USDm	% of prem*
US storm Katrina 24.8.2005	1 326	0.0%	135 000	1.1%	45 579**	7%
Northridge EQ 17.1.1994	61	0.0%	30 000	0.4%	14 000	4%
Indonesia tsunami 26.12.2004	220 000	0.1%	13 000	5.1%	2 000	112%
Pakistan, India EQ 8.10.2005	73 300	0.0%	5 200	4.7%		
Honduras storm 22.10.1998	9 000	0.1%	5 000	95.0%	500	649%
Antigua & Barbuda storm 3.9.1995	116	0.2%	2 500	507.5%	1 500	
Barbados storm 21.9.2002	9	0.0%	2 000	76.92%	650	373%
Guatemala EQ 4.2.1976	22 084	0.4%	1 100	25.2%	75	324%
Bangladesh storm 14.11.1970	300 000	0.5%	300	6.0%		
Vanuatu storm 8.2.1987	45	0.0%	200	164.0%		

* Non-life premiums

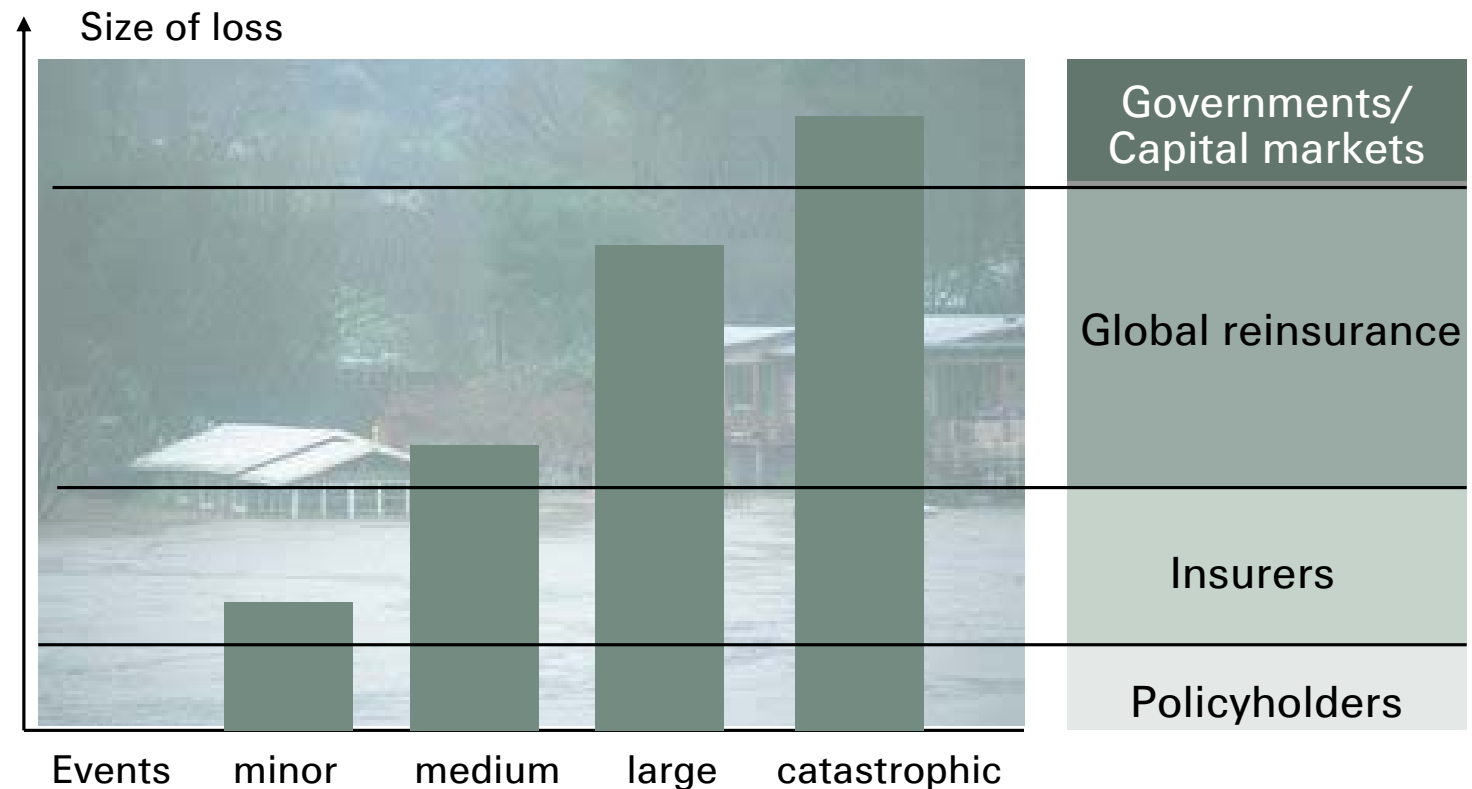
** excluding losses of USD 15.5bn incurred under the National Flood Insurance Program

Ratios show victims/losses relative to population, GDP or non-life premiums of the most affected country

Source: Swiss Re sigma catastrophe database



What is needed? Risk sharing



By sharing the Nat Cat risk among (1) policyholder, (2) domestic insurance industry, (3) global reinsurance industry, (4) capital markets, and (5) government, even very extreme Nat Cat losses become insurable.

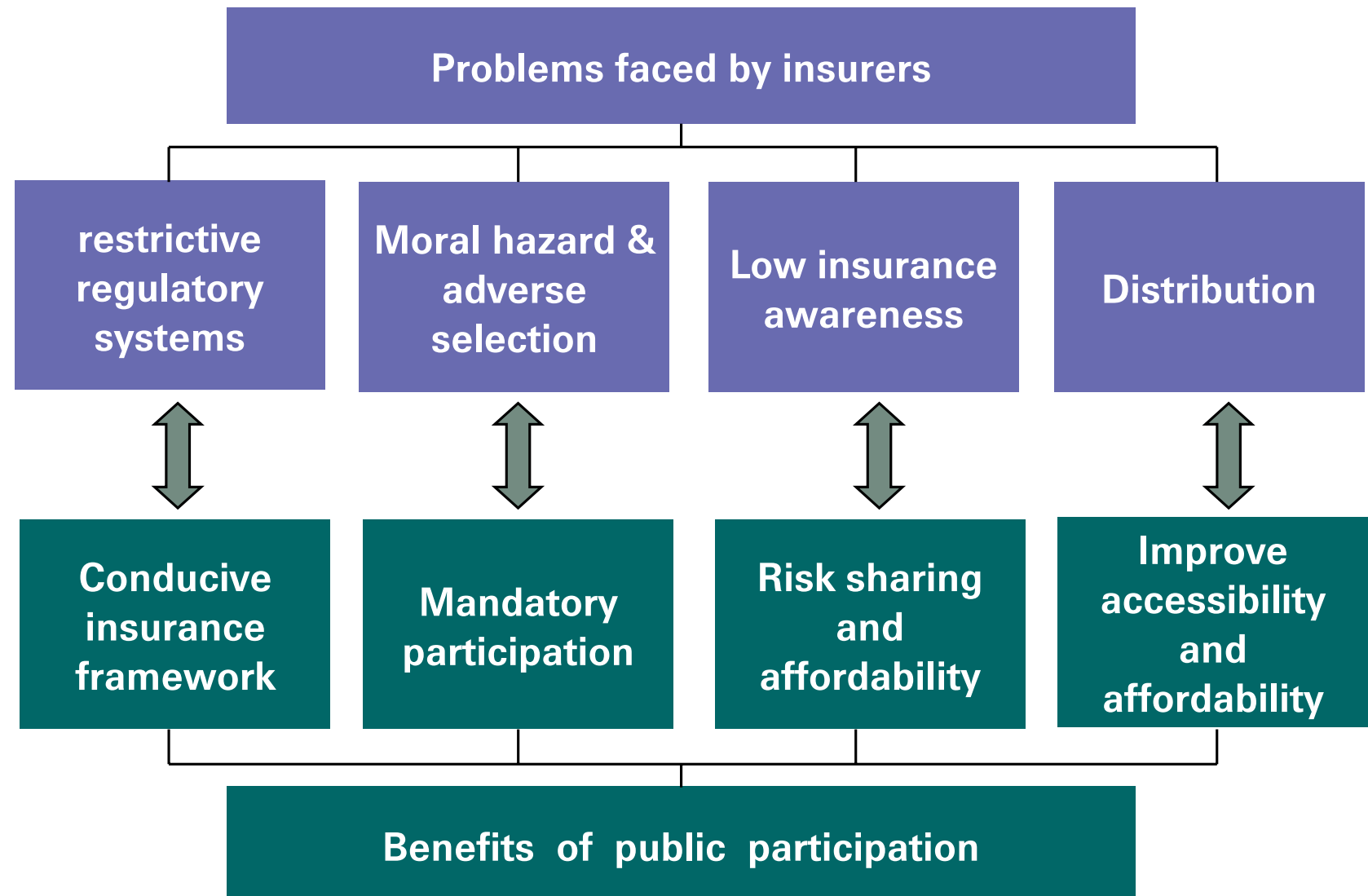


What is needed?

- A certain degree of compulsion will help to build up a large pool of policyholders
 - to share risk efficiently
 - to reap benefit from economies of scale
 - to mitigate adverse selection
- Engage the different stakeholders
- Solutions that are consistent with professional risk management, actuarial and legal standards!



Public-private partnership





Mexican parametric solution

Solution features

- Insured peril: earthquake
- Aggregate insurance limit: USD 450 million.
 - USD 290 million: Parametric reinsurance coverage
 - USD 160 million: Parametric cat bond
- Payments to be used for immediate emergency relief after earthquake
- Time horizon: May 2006 – May 2009

Involved parties

- Insured: Fund for Natural Disasters (FONDEN) of Mexico
- Reinsurer: Swiss Reinsurance Company
- Cat bond issuer: CAT-Mex Ltd



The Turkish Catastrophe Insurance Pool (TCIP)

Solution features

- Insured Peril: earthquake
- Insured assets: Private residential dwellings (including groundwork, carrier system, stairs, lifts, roof structures and chimneys). Exceptions for inter alia buildings within the settlement area of villages.
- Limit of policy coverage: TLY 100'000 (USD 69'000 approx.). This limit is likely to be increased. Additional cover can be bought from private insurers.
- Time horizon: Inception in 2000
- Funding: Compulsory premiums paid by homeowners

Involved parties

- Insurance supplier: TCIP, a legal public entity
- Operational manager: Garanti Sigorta
- Distributors: 30 local insurance companies and their agencies on behalf of TCIP
- Reinsurers: Swiss Reinsurance company and other overseas reinsurers



Economic vs insured loss potentials (examples)

Country	Scenario	Loss potential economic	(bn USD)* insured
China	EQ	>40	<3
	Flood	>40	<3
Colombia	EQ	20	5
Greece	EQ	25	4
Italy	EQ	35	6
Japan	EQ Tokyo	1000	75
Mexico	EQ Mex. City	50	6
Netherlands	Flood	200	<10
USA	EQ California	250	50
USA/Caribbean	Hurricane	250	110

* 1 in 200 year events; Hurricane USA/Caribbean 100 years only

Source: Swiss Re Nat Cat R&D



Weather insurance in India

- Developed with support from the World Bank and government subsidies
- First deal in 2004 with BASIX (microfinance institution)
- Alternative to traditional crop insurance
- Demand from corporate end-users
- Huge potential for rural micro-insurance



Swiss Re Initiatives in the Indian Weather Market

- First deal in 2004 with Basix (microfinance institution) for Castor and Groundnut crop in Mehbubnagar, Andhra Pradesh against deficit rainfall covering 1,500 farmers
- Since then 28 fac R/I contracts closed; reinsured 240,000 policies
- Offers a viable alternative to the traditional crop insurance market and has the potential to extend beyond the agriculture sector up into the corporate end-user market
- Currently working on solutions for Agro Input companies, Wind Farms, Tea Plantations, hydro power projects, Sugar Production, Salt Production, various crops and vegetables, contract farming etc



Summary of Swiss Re's Weather Covers in India

No	Year	Beneficiary	Location	Risk	No. of Policies
1	2004	Basix (MF Institution) - Castor and Groundnuts growers	Andhra Pradesh	Rainfall	268
2	2004	Orange farmers	Rajasthan - Jhalawar, Aklera, Dag, Bhawanimandi, Pidawa, Ramganjmandi	Rainfall	3630
3	2004	Coriander farmers	Rajasthan - Various Districts in Jhalawar & Kota	Temp/Rainfall	4541
4	2005	GHCL Salt	Gujarat - Vedaraniyam, Bhavnagar, Junagadh, Kodinar	Rainfall	1
5	2005	Mayco Monsanto	Maharashtra - Yeotmal	Rainfall	100000
6	2005	Mayco Monsanto	Maharashtra - Yeotmal	Rainfall	47866
7	2005	Coriander farmers	Rajasthan - Various Districts in Jhalawar & Kota	Temp/Rain	2246
8	2005	Stevia farmers	Punjab	Temp	30000
9	2005	Grape farmers	Various Districts in Andhra Pradesh and Maharashtra	Rainfall	584



Summary of Swiss Re's Weather Covers in India

No	Year	Beneficiary	Location	Risk	No. of Policies
10	2005	Grape farmers	Various Districts in Andhra Pradesh and Maharashtra	Rainfall	155
11	2005	Rice farmers		Rainfall	3009
12	2005	Soybean farmers	Rajasthan - Various Districts in Jhalawar and Kota	Rainfall	3458
13	2005	Orange farmers	Rajasthan - Jhalawar, Aklera, Dag, Bhawanimandi, Pidawa, Ramganjmandi	Rainfall	1136
14	2005	Vegetable farmers	Durg district of Chattisgarh	Rainfall	8570
15	2006	Kinnu farmers	Various Districts in Rajasthan	Temp	333
16	2006	Vegetables farmers	Durg district of Chattisgarh	Rainfall	609
17	2006	Fenugreek farmers	Various districts in Rajasthan	Temp/Rain	250
18	2006	GHCL Salt	Gujarat	Rainfall	1
19	2006	Cumin farmers	Various districts in Rajasthan	Temp/Rain	1164



Summary of Swiss Re's Weather Covers in India

No	Year	Beneficiary	Location	Risk	No. of Policies
20	2006	GHCL Raw Material	Gujarat	Rainfall	1
21	2006	GHCL Raw Material	Gujarat	Rainfall	1
22	2006	Rice farmers	Durg, Raipur Districts of Chattisgarh	Rainfall	4447
23	2006	Soybean farmers	Rajasthan - Various Districts in Jhalawar and Kota	Rainfall	7503
24	2006	Orange farmers	Rajasthan - Jhalawar, Aklera, Dag, Bhawanimandi, Pidawa, Ramganjmandi	Rainfall	865
25	2006	Vegetable farmers	Durg district of Chattisgarh	Rainfall	14412
26	2006	Rice farmers	Durg, Raipur Districts of Chattisgarh	Rainfall	2000
27	2006	Grape farmers	Various Districts in Andhra Pradesh	Temp/Rain	118



Questions

A large, stylized number '1' is centered on a yellow background. The number is dark, almost black, with a slight glow or shadow effect. The background has a subtle gradient and some light streaks.

Thank you!