

The role of the insurance industry enabling resilient infrastructure

ADB virtual dialogue, 9th Sept 2021

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We make the world
more resilient.

Years experience

150+

Leading and highly diversified global reinsurer, founded in Zurich (Switzerland) in 1863

Market-leading position

USD **41** bn

Swiss Re's Gross premium written totaled USD 40.8bn in 2020 thus reaffirming the leading position in the industry

Financial strength

A.M. BEST

A+

MOODY'S

Aa3

S&P

AA-

History of proven strength, consistently maintaining an A+ rating, makes Swiss Re a reliable partner

The role of insurers in infra

Investor

**Risk
Taker**

**Risk
Insights**

CAMEROON - Nachtigal hydro power plant

MDBs at their best: Complex, sustainable, impactful



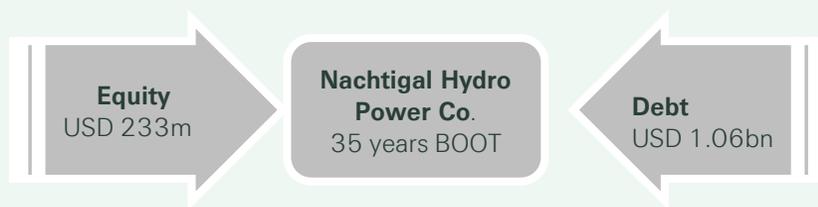
Equity: Private sector

- EDF – 40%

Public sector equity

- RoC – 15%
- IFC – 20%
- AfDB – 15%
- STOA – 10%

USD 1.36bn project cost



Debt

- **MDBs:** IFC (lead arranger), AfDB, EIB, OFID, PIDG, AFC
- **DFIs:** AFD, DEG, CDC, FMO
- **5 commercial banks**

Risk mitigation

- IBRD – USD 100m payment + USD 200m loan guarantee
- MIGA – USD 187.9m Breach of Contract for 15 years

Insurance



Swiss Re – lead insurer

- USD 580m cover

- Construction All Risks
- Inherent Defects (from 2023)
- Utilities (from 2023)
- General Liability
- CPE
- Marine Cargo

- ✓ Expertise in renewables
- ✓ Risk appetite & capacity
- ✓ Bundled coverage
- ✓ Lead-quotes for each LOB

The result

One Construction provides a seamless, holistic and tailored solution where individual policies can be combined and placed with a single insurer, reducing coverage gaps and overlaps, and mitigating potential claims disputes.

MULTILATERAL DEAL OF THE YEAR

For the Nachtigal Hydropower Plant transaction in Cameroon

PROJECT FINANCE INTERNATIONAL

African Power Deal of the Year

For the Nachtigal Hydropower Plant, Cameroon

IJGlobal



Risk Transfer

We de-risk infrastructure projects along its full life cycle

Traditional
re/insurance

Innovative /
customised
risk transfer

Managing the risks in a circular economy



Innovative Risk Transfer – Parametric Insurance

Filling the gaps of traditional insurance programs

Fundamentals

- Purely based on probability of a pre-agreed event
- Independent from underlying physical asset
- Quick, formulaic payout; Use of Funds at Insured's discretion

When and Why?

- “Uninsurable” perils or asset classes (e.g. inclement weather, T&D lines)
- Pure economics loss without physical damage (NDBI, Supply chain disruption)
- Scarce NatCat capacity e.g. EQ Japan (access to capital markets)
- Liquidity enhancement when fast payout is crucial

Possible Parameters or Triggers



Parametric NatCat



Typhoon

- Storm Category
- Wind Speed



Earthquake

- Magnitude
- Shaking Intensity



Flood / Drought

- Precipitation / excess rainfall
- River Levels
- Flooded areas



Weather



Inclement Weather

- Precipitation
- Temperature
- Wind / Wave Action
- Haze



Resource Risk

- Wind Hedge
- Solar Hedge

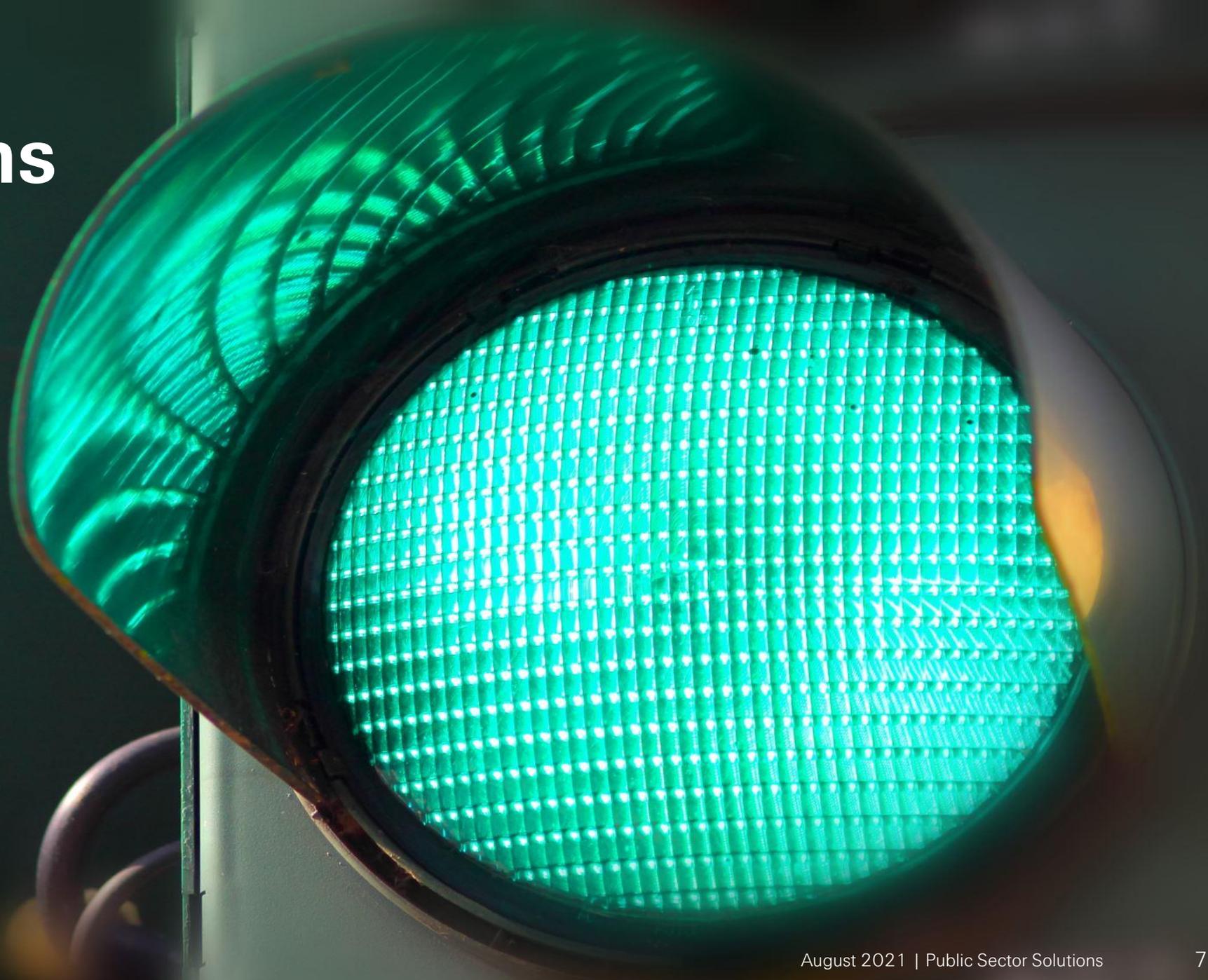


Non-Weather



- Airport Closure
- Act of Terrorism
- Insolvency of key supplier
- Loss of License

Conclusions



Thank you!

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