COOPERATION OF RHMZ AND GOS

Role of RHMZ in support of Generali Insurance Serbia product development process
Agenda

• Importance of weather reports and forecasts for GOS
• Example - Drought insurance product
• Valuable cooperation
Importance of weather reports and forecasts for GOS

Actuality and prospects

• Clear motive for the insurance industry :
  - Insurance in agriculture
  - Other property insurances
  - Motor Casco insurance
  - ...

• Climate elements of relevance for insurance business:
  - Hail
  - Storm
  - Precipitation
  - Temperature
  - ...
Importance of weather reports and forecasts for GOS

Existing levels of cooperation

- Using data from RHMS's web site:
  - Historical data
  - Current/actual data

- Using specific data on request

- Common efforts made on “drought insurance project”
Importance of weather reports and forecasts for GOS

Drought insurance project

• First product of this kind not only in Serbia, but in this part of Europe

• Cover based on weather index correlated to yield reduction

• Relevant data: total precipitation during observed period

• Statistical analysis basis: historical precipitation data (source: RHMS of Serbia) and historical yield data (source: Statistical Office of Serbia)

• Source for actual precipitation: selected climatology stations of RHMS

• Publishing all relevant data (web-site of RHMS)
Example - Drought insurance product

Trustiness, reliability, synergy

(Home private)  [GENERALI]  Hydro Meteorological Institute  Swiss Re  (State)  (International)
Example - Drought insurance product

The basis: Simple and easy to understand definition of “drought”

“The registered amount of rainfall within the reference time frame is below the perennial amount in the appropriate risk zone”
Example - Drought insurance product

Risk modeling

- Access to Hydro-Meteorological Institute's extensive historical databases

- Objective and independent institutions as measuring points; well defined risk zones

- Relying on the strong correlation between achieved yield and amount of rainfall
Valuable cooperation

Prospects

• Cooperation at many levels, which could result in:
  - Providing more detailed actual data (higher station density)
  - Providing more precise actual data (automatic, excluding moral hazards)
  - Common involvement in new insurance product modeling
  - Creating seasonal and other long term forecasts
  - ...
Valuable cooperation

Seasonal forecasts

- Existing of a reliable seasonal forecast will be a tool of a highest importance for industry of insurance, and will provide:
  - product optimizations
  - possibilities for preventive actions
  - better risk management
  - new product development
  - ...

Weather Index Product in Serbia

A success story