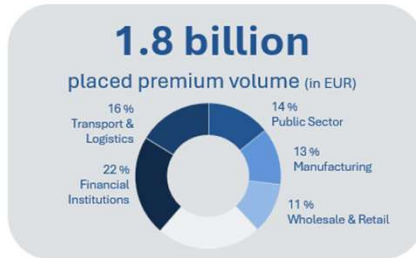
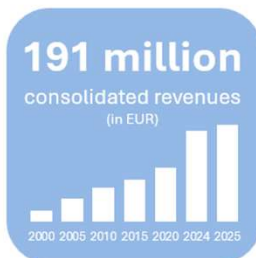




# Unlocking Agricultural CAT-Risk Insurability with Earth Observation

A matter of trust.

## About me & GrECo



**100 years**  
of Excellence in  
Risk and Insurance  
Management

**1,500 employees**

**97 %**  
compound client  
retention rate  
over ten years

**15,000**  
clients in  
**92**  
countries

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### Weather derivatives: general overview, legal, tax, and application issues

February 2024 · *Journal of Management and Financi...* 16(49)

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Romanian Agriculture · 20 Iulie 2022 · 702 · [Actions](#) · [f](#) · [p](#) · [in](#) · [+](#)



## Ways to Insure Cat Risks: Pros & Cons

### 1. Classical Indemnity (hail / MPCI)

- ✓ Accurate field-level loss assessment
- ✗ High admin cost; needs strong adjustor network
- ✗ Local insurers retain risk → low appetite for drought/heat

### 2. Weather Index Insurance (WI)

- ✓ Fast implementation & flexible design
- ✓ Can scale globally across countries
- ✗ Covers only 1–2 risks; weak yield correlation

### 3. Area Yield Index Insurance (AYI)

- ✓ Same benefits as weather index + lower basis risk
- ✗ Requires reliable area yield data
- ✗ Time lag for official statistics



# Why catastrophic crop risks remain difficult to insure in Lithuania

Five structural constraints limit the scalability and sustainability of traditional solutions.



## 1 Hail-focused tradition

The market is still centred on familiar, limited-peril “hail insurance”.

## 2 Limited CAT-risk expertise

Insurers have limited experience in drought and heat underwriting and loss adjustment.

## 3 Claims capacity gap

There is no broad network of highly skilled agricultural claims experts.

## 4 Weak public-private framework

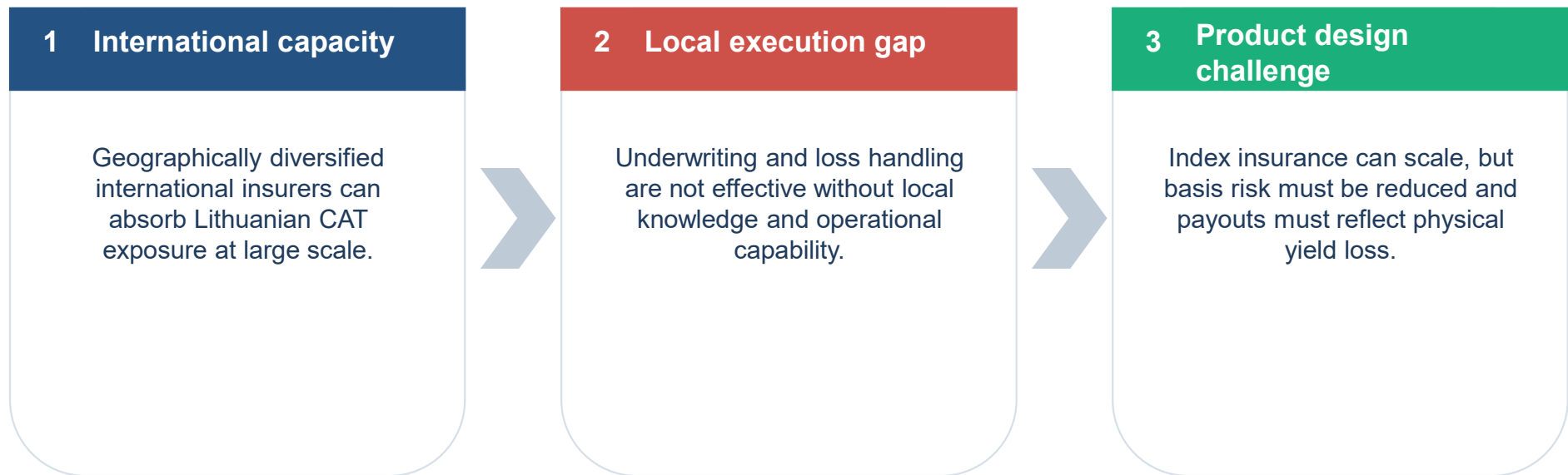
Government involvement in building a sustainable crop-insurance PPP remains limited.

## 5 Portfolio volatility

Small and concentrated portfolios produce unstable technical results.

# The resulting protection gap

Capacity exists internationally, but delivery requires a locally credible and farmer-relevant model.

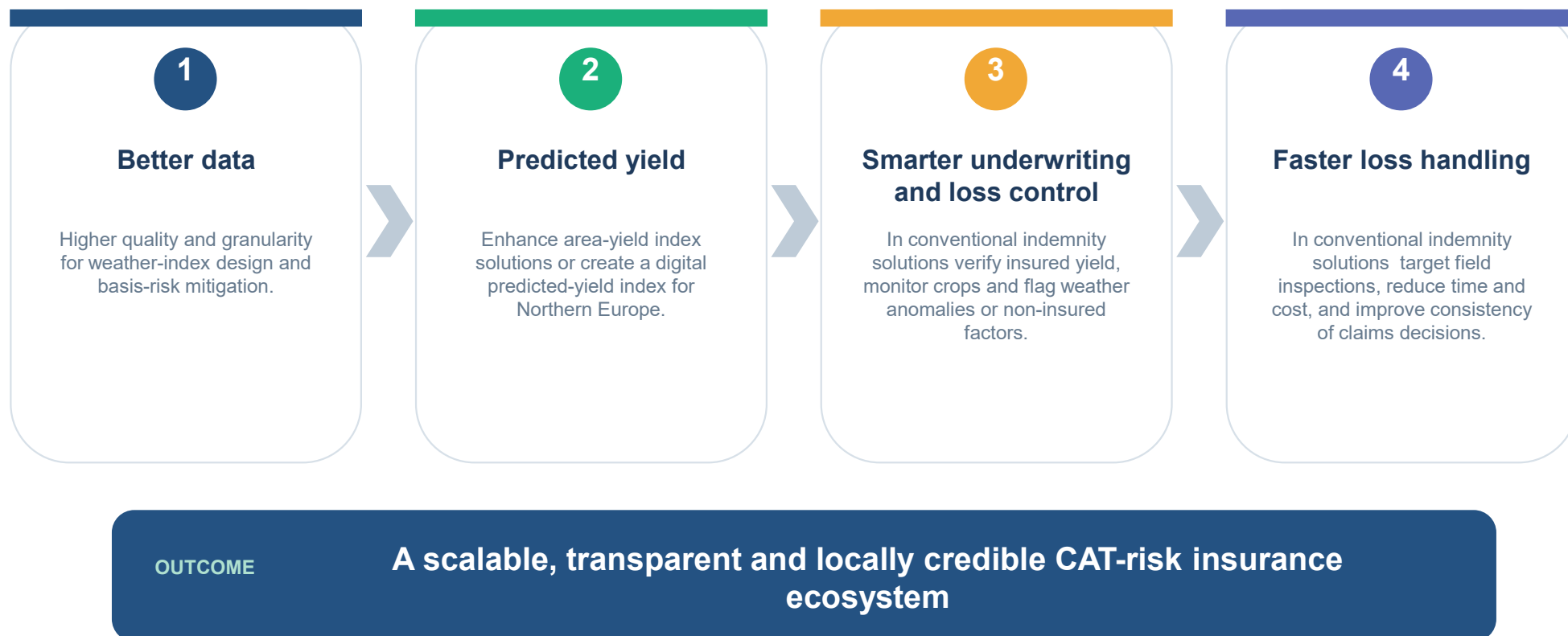


INSURABILITY  
REQUIREMENT

**Combine international risk capacity with local loss expertise and a yield-linked digital trigger.**

# How Earth Observation can unlock CAT-risk insurability

EO supports the full insurance cycle, reducing basis risk in index solution while strengthening underwriting and loss adjustment in conventional indemnity



# Thank you!



**GrECo Lietuva, UADBB**

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