



## WRMA's 2007 Annual Meeting Casts an Eye on the Future of the Weather Risk Market

Climate change, the growing market for agricultural risk applications, the rising market in Latin America and the latest thoughts about North Atlantic hurricanes were just some of the presentations given at WRMA's 2007 Annual Meeting held in Miami, Florida on May 9-11. This was the Association's 9<sup>th</sup> Annual Meeting and reflected the expansion of the weather risk market as end users and governments seek to offset weather risk.

Using tools such as insurance to mitigate weather risk in the agricultural market is becoming more common. Single and multiple crop insurance can help offset the perils of drought, frost, heat and rain, Jean Christophe Garaix of Paris Re told the meeting. The world wide agricultural insurance market is estimated at \$9.5-billion (Euro 7-billion).

In the rising Latin American market, Mexico's Agroasemex offers agricultural parametric indices to the federal and state governments to cover crop failure, Jorge Vazquez and Luisarturo Castellanos told attendees. Only 18 percent of the potential agricultural lands are insured. The main issue facing the Mexican crop insurance market is getting the farmer to use the instrument, they said.

Chris Landsea of the National Hurricane Center told attendees that the changes in the North Atlantic hurricane season are a result of ocean current changes rather than global warming. The increase in cost of hurricanes hitting Florida is directly due to huge increases in population and the resulting rise in housing and personal property.

Meanwhile, Sophie Chemarin of France's Ecole Polytechnique described the findings of a recent study on insurance and climate change. Insurers have a two-fold responsibility, Chemarin says, to adapt to negative change caused by climate change and to help governments and others adapt to the impact of climate change.

Attendees also heard informative presentations on forecasting, exchange-traded contracts, catastrophe risk contracts, and the market beyond standard degree day contracts.

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