

Global Parametrics provides parametric solution in the world's remotest habitable island, Tristan da Cunha

- Collaborative effort between Global Parametrics, the UK Government's Department for International Development and Foreign and Commonwealth Office
- Sustainably caught Rock Lobster sold throughout the world provides critical employment for the inhabitants of the world's most remote inhabited island
- Extreme weather risk protection is critical to enable the fishery to operate
- Traditional insurance indemnity cover is hard to administer in such a remote location
- Parametric protection provides innovative focused windstorm cover
Which pays out faster for better business continuity, protecting livelihoods

London, 12 August 2020: Global Parametrics (GP), the provider of parametric protection against climate risks and natural disasters in emerging markets, has structured a solution to provide parametric protection against extreme windstorms for the Tristan Lobster Processing Facility, the main business on the world's most remote habitable island, Tristan da Cunha, a British Overseas Territory in the South Atlantic. The solution has been structured as a derivative issued by GP's Natural Disaster Fund (NDF) with Ovenstone Agencies (Pty) Ltd (the operator of the Tristan da Cunha Lobster concession) as counterparty.

GP's innovative solution ensures that the Lobster Processing Facility, the island's main employer, can continue to operate, protecting the livelihoods of the island's inhabitants. Sustainable fishing contributes to 70% of Tristan da Cunha's income and supplies 66% of the jobs to its 245 inhabitants. As such, it is a critical enterprise for the island which is 7 days away by ship from the nearest mainland in South Africa.

Due to the inaccessibility of the island, and the nearest weather station on Gough Island over 400km away, GP structured the solution using the ECMWF ERA5 weather dataset. This pricing and settling off globally modeled weather data enables GP to structure parametric wind solutions anywhere in the world. No matter how inaccessible the location or asset, or what ground information exists.

Despite a changing risk appetite in the insurance market due to the Covid 19 pandemic, Global Parametrics is continuing to fulfil its mission to protect businesses, communities and people in emerging markets from the effects of extreme weather and natural disasters, supported by risk capital provided by the NDF and Hannover Re in its industry first partnership between private and public capital.

Key features of the Global Parametrics solution:

- Development of a unique wind index using modelling technologies with the ability to provide a product for any location in the world.
- Parametric product removes the need for indemnity or loss calculations and also the need for initial surveying of the asset - the remoteness of the location making this extremely difficult.

- The solution is objective and transparent. Ovenstone can understand its risk and potential payouts prior to an event occurring.

Toby Behrmann, Global Parametrics' Innovation & Partnerships lead commented: "When we were approached by the Administrator of Tristan da Cunha, we knew that this unusual situation would be a test of our ability to provide a risk transfer solution in the most remote of locations where other alternatives are unviable, and we have passed with flying colours. This is a textbook case of Global Parametrics working together with Government and commercial partners to fulfil our mission of protecting fragile livelihoods in the face of extreme weather events."

CEO of Ovenstone Agencies (Pty) Ltd, Andrew James, added "We are pleased to have worked with the Global Parametrics team to develop an innovative solution to provide cover for the Tristan Lobster Processing Facility, a key Tristan asset that protects jobs and income on the planet's most remote inhabited island, at a time when it is challenging to obtain traditional insurance cover. "

Daniel Wilcox, Private Sector Development Advisor at the UK's Department for International Development (DFID), concludes, "The UK Government's Department for International Development, through the Natural Disaster Fund (NDF) was pleased to support this transaction. As a collaborative effort with our partners at the Foreign and Commonwealth Office such an innovative transaction outlines the importance of building resilience to extreme weather which is key to the ongoing prosperity of Tristan Da Cunha and other British Overseas Territories. I am delighted that Global Parametrics was able to structure a solution for Ovenstone Agencies (Pty) Ltd which will ensure the continued operation of the Island's fishery".

Global Parametrics' platform uses climatic, seismic and financial data to create extreme weather and natural disaster models and forecasts, enabling parametric risk protection. Unlike traditional insurance, it pays out on the occurrence of events rather than losses incurred. The parametric products are backed by the Natural Disaster Fund (NDF), a blend of public and private finance which the Global Parametrics team was instrumental in founding and managing.

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About Global Parametrics – *Rethinking Risk to build more Inclusive Resilience*

Extreme weather events and natural disasters are being intensified by climate change, increasing the frequency and intensity of economic shocks that disrupt lives and threaten livelihoods.

Global Parametrics, started with funding from the UK's Department for International Development and Germany's KfW, has a mandate to strengthen the resilience to extreme weather and natural disasters in developing countries.

Working with the public, private and 3rd sector, GP uses its innovative climatic, seismic and financial risk modelling to rethink resilience for a new era of risk.

Global Parametrics products are backed by the Natural Disaster Fund (a blend of private and public capital). Like an insurer, the Natural Disaster Fund collects fees and makes pay-outs on parametric derivative contracts when extreme weather or natural disasters occur.

About Ovenstone Agencies (Pty) Ltd.

Ovenstone Agencies (Pty) Ltd is a small, vertically integrated fishing company that catches, processes and markets the unique Tristan lobster. Ovenstone is focused on the long term, sustainable and equitable utilization of the Tristan lobster resource for the benefit of all stakeholders.

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