



NFU Mutual, Skyline Partners, Gallagher, and Markel pioneer new parametric insurance to protect dairy farmers from heat stress losses

- Developed and computed by **Skyline Partners**, distributed by co-developers **NFU Mutual** with broker and coverholder **Gallagher**, 100% underwritten by **Markel**
- Index-based insurance product is triggered by sustained hot weather, which affects milk yields
- Product illustrates the ability of parametric structures to cover intangible losses which do not arise from property damage

London, 23 May 2023: The UK's leading rural insurer has partnered with parametric insurance specialist Skyline Partners, insurer Markel, and broker Gallagher to develop and pilot a new parametric heat-stress insurance for dairy farmers – the first of its type in the UK.

The index-driven cover offers customers pre-determined pay outs based on a trigger event. Independent satellite and weather-station data is constantly monitored and recorded. If the temperature limits specified in the policy are exceeded, the policy pays pre-determined claims payments upon expiration, with farmers being able to use payments cover the cost of losses in production and improve their farm infrastructure to combat the effects of heat stress. Insureds may select from four coverage levels to suit their risk appetite, budget, and herd size.

Research from NFU Mutual found that 41% of dairy farmers say heat stress is a priority risk for their business, with 70% yet to take further steps to reduce the risk. *

NFU Mutual, Skyline, Gallagher, and Markel have developed the product with the long-term intention to investigate a range of on-demand parametric covers for the agriculture and horticulture sectors, which face changing climate-related losses.

Chris Walsh, Farm Specialist at NFU Mutual, said: "Heat stress in cows is becoming a major concern for many dairy farmers as summers get hotter. Farmers are working to demonstrate even higher levels of animal welfare against a backdrop of growing concerns about the cost of heat-stress losses. To help our dairy farmers cope with this growing problem, we've talked to agricultural experts, dairies, farmers, and insurers across the world to develop an innovative product which operates simply and effectively. This product will help reduce the negative impacts that heat stress can have on a herd's productivity and general welfare.

"Parametric insurance is already used to protect farmers' incomes in some countries. We believe this type of cover may become increasingly important in the UK to protect other agricultural and horticultural sectors as the effects of climate change intensify, and we are working with farmers and growers to understand the need for a range of bespoke policies."

Laurent Sabatié, Skyline Partners Co-Founder and Executive Director, said: "We're excited to be working with leading rural insurer NFU Mutual to bring parametric insurance to the UK agricultural sector. Parametric insurance products such as this which we created for NFU Mutual, promise a radical change to the way businesses are insured."

Skyline Co-Founder and Executive Director Gethin Jones said: "Claims under traditional insurance policies require physical loss or damage to trigger a claim. But not all losses involve a fire, the death of an animal, or another physical loss. A heatwave can drastically reduce milk yields, for example, and even put a farm's

sustainability at risk over a long period. Parametric insurance can help protect farms from these climate-related losses with cover tailored to individual farm's needs and a simple, transparent pay-out mechanism."

Rob Wells, Head of Livestock at Markel's International division, said: "At Markel, we're always looking for new, smarter ways to support our customers and to trial promising new ideas that respond to changing needs. We are delighted to work with our partners, NFU Mutual, Skyline and Gallagher, on this initiative and to support farmers' risk management in a way that traditional insurance products have not."

NFU Mutual's Heat Stress (Dairy Supply Chain) Insurance is being trialled from May 2023. As part of the new service customers will receive a tailored climate summary report for their operating area.

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About NFU Mutual:

NFU Mutual offers a wide range of products, including general insurance, life, pensions, and investments. These products and services are delivered through our network of NFU Mutual Agent offices, as well as through our direct sales and service centres. With 295 local businesses located in rural towns and villages throughout the UK, NFU Mutual has become part of the fabric of rural life and remains committed to serving the needs of our members nationwide.

NFU Mutual is proud to deliver more than simply insurance. Making farming safer, supporting rural initiatives across the UK and helping to look after the environment are just some of the ways we do that. To find out more about everything we do to support our communities, visit <https://www.nfumutual.co.uk/about-us/responsible-business>

About Skyline Partners:

Skyline Partners is a private-equity funded UK insurTech dedicated to index-based parametric insurance driven by data and technology. It helps re/insurance carriers, brokers, agents, affinity partners, and government agencies solve risk challenges with innovative solutions. Skyline developed InsDex, a proprietary index insurance technology platform which aggregates high-value data from multiple sources, to analyse risk and monitor the occurrence of insured events. Skyline has the technology, expertise and relationships to transform any data stream into transparent, reactive protection delivered with minimal frictional costs and no surprises. Learn more at skylinepartners.org.

* NFU Mutual survey with 153 respondent dairy farmers from 1-30 September 2021.