

Global Parametrics leads the renewal of the Quintana Roo Reef Protection Program in Mexico, a nature-based solution to protect 150km of Mexican coral reef

- Landmark nature based solution to protect against climate change
- MXN 42,500,000 (USD 1.9 Million) for rapid restoration of key section of the Mesoamerican reef
- Mitigates the impact of tropical storms on both the reef and the livelihoods of the an estimated 148,000 people who work in the hospitality sector of the State of Quintana Roo
- Tourism in Mexico has been particularly impacted by Covid 19 (down by over 90%) this program protects against the compounding impact of an additional disaster.

London – 3rd September 2020 – Global Parametrics (GP), provider of parametric protection against climate risks and natural disasters, has led the renewal of the landmark MXN 42,500,000 (USD 1.9 Million) Mexican Reef Protection Program alongside Grupo Financiero Banorte and Hannover Re, by structuring a parametric solution which pays out to support the rapid restoration of a key section of the Mesoamerican reef by the state of Quintana Roo on the Yucatan peninsula following a tropical cyclone event.

Established in 2018, by a number of private, public and international stakeholders, the Mexican Reef Protection Program is one of the first examples of a nature-based solution on a coral reef. It enhances and protects an environmental asset by providing the funds for rapid restoration, whilst also mitigating the impact to the local economy.

The Mesoamerican reef is the longest barrier reef in the western hemisphere and habitat for some of the world's most important aquatic biodiversity. It is also a pivotal tourism hub and a primary source of local employment and income. Every year the state of Quintana Roo receives over 12 million tourists, generating an estimated USD 9 billion in revenue and providing an estimated 148,300 jobs.

As well as enabling the tourism industry to thrive, the continued rebuild and restoration of the reef will benefit the livelihoods and homes of those located on the coast, as a reef absorbs some impact of tropical storms thereby reducing asset loss and damage costs on the community.

Global Parametrics' structured the solution with Mexican partner LegaRisk SA, which was issued locally as a parametric insurance product between the Regional Government of Quintana Roo and Grupo Financiero Banorte. Hannover Re acts as the reinsurer and shares the risk with the Natural Disaster Fund (NDF). The country office of Som.US acted as the broker for this transaction.

Juan Marcano, who leads Global Parametrics' Latin America & Africa efforts, commented: "This program is a key example of a nature-based solution to the impacts of the Climate Emergency; it was the first to provide a risk transfer product for a coral reef to help to preserve an important and world-renowned area of biodiversity. I am pleased that Global Parametrics alongside our partners in this transaction have ensured the continued success of such a program."

Jose Landaverde, CEO of Seguros Banorte, the insurance subsidiary of Grupo Financiero Banorte, commented: “At Banorte we are very proud to contribute to the protection of Mexico's natural resources. After the hurricanes that occurred in 2017, the Caribbean region is the most interested in parametric insurance, and we are committed to offering the solutions they require.”

Carlos Joaquin, Quintana Roo’s State Governor added: “The impact on the local tourism industry caused by COVID-19 has been devastating. Ensuring safe beaches and protecting coral reefs lowers the costs of repairs for infrastructure and asset loss to the local government post-tropical storm, safeguarding budgets which are already constrained as a result to the response to the pandemic.”

Henning Ludolphs, Managing Director, Hannover Re, stated: “Hannover Re’s commitment to increase access to insurance products is an element of our sustainability strategy. The Mexican Reef Protection Program is a valuable tool in the ongoing efforts to use nature based solutions as an effective method of mitigating the impact of climate risks and natural disasters. We are pleased that we were able to work with Global Parametrics and Grupo Financiero Banorte to support this important program.”

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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 Hanover Re

Hannover Re, with gross premium of more than EUR 22 billion, is the third-largest reinsurer in the world. It transacts all lines of property & casualty and life & health reinsurance and is present on all continents with more than 3,000 staff. Established in 1966, the Hannover Re Group today has a network of more than 150 subsidiaries, branches and representative offices worldwide. The Group's German business is written by the subsidiary E+S Rück. The rating agencies most relevant to the insurance industry have awarded both Hannover Re and E+S Rück outstanding financial strength ratings: Standard & Poor's AA- "Very Strong" and A.M. Best A+ "Superior".

About Banorte

Grupo Financiero Banorte is a leading financial institution in Mexico, the second largest financial group in the country and the one with the broadest business diversification in the market. Banorte provides services to more than 21 million customers through an extensive network that includes more than 1,100 branches, over 9,000 ATMs, more than 16,000 correspondents and over 162,000 point of sale terminals.

Our subsidiaries' main activity is the realization of financial operations such as providing banking, brokerage and warehousing services, leasing and factoring operations. We offer insurance and annuity services, as well as the management of retirement savings contributions. We also operate the international money transfer company Uniteller, which mainly serve the remittance market.