

Mutuelle Agricole Marocaine d'Assurances. This hybrid product combines traditional indemnity components with yield-based triggers linked to average production levels; when annual crop yields fall below long-term averages due to drought or other climate stresses, eligible farmers receive compensation — with substantial government premium subsidies to keep coverage affordable for smaller producers.

The strength of parametric design is equally evident in disaster response. After the 2023 Morocco earthquake, a magnitude-6.8 event, the Solidarity Fund against Catastrophic Events (FSEC), backed by a parametric earthquake insurance policy, received approximately \$275 million in immediate reinsurance payouts that were unlocked as soon as seismic parameters were met—helping provide liquidity for emergency needs for affected communities and households.

This ability to deliver fast, predefined payouts illustrates how parametric (re)insurance can complement or replace traditional coverage—often constrained by high retentions, deductibles, and sub-limits—and enable more effective post-event recovery.

More broadly, parametric insurance has leveraged several technological leaps to improve and expand its scope.

The first stemmed from the abundance of data (e.g. Internet of Things, increasing sophisticated satellite systems,...) combined with new algorithms capable of extracting actionable insights from these sources. Subsequently, advances in artificial intelligence, particularly machine learning and neural networks, enabled a new generation of parametric products while streamlining claims processes in near real time.

The second leap is that of LLM and Agentic AI. At Descartes Underwriting, the world's leading



parametric specialist, one of my priorities as CEO is to capture the full potential of these disruptive new technologies. For our broker partners and clients, this means we can design parametric triggers with unprecedented levels of accuracy, transparency, and responsiveness, ensuring solutions perform precisely when they are needed most. For Descartes, this allows us to continue pushing the boundaries of what is possible in risk transfer and to improve pricing with increasingly refined and precise seasonal weather forecasts.

As climate risk intensifies, parametric insurance is emerging as a cornerstone of more responsive and data-driven risk transfer, increasingly enhanced by advances in AI and agentic technologies. In this transformation, Africa is not following but sometimes leading—already shaping the future of the industry through pioneering applications in countries like Morocco and setting a benchmark for how innovation can close the protection gap globally.