HF-MLOG is a meteorological big data company jointly established by Huafeng group (HF) under China Meteorological Administration and MLOG group. HF-MLOG has established strategic partnerships with scientific research institutions such as the Chinese Academy of Agricultural Sciences and China Agricultural University to share key agricultural data and technologies to advance modeling in the agriculture sector with a focus on insurance.

Innovations
HF-MLOG contributes to the development of index insurance in China to mitigate twin asymmetric information problems of adverse selection (hidden information) and moral hazard (hidden behavior) in traditional insurance — thereby reducing the costs — which often plague the development of rural finance.

HF-MLOG has unrestricted access to meteorological data recorded and modeled by China Meteorological Administration. Leveraging the data advantage, the company has developed a research team consisting of agriculture experts and modelers with strong academic background to design meteorological index-based insurance products as well as associated service systems.

To meet local needs, the products are designed to reflect different crop types and climate realities such as drought protection for corns, frost for peaches, excess rain for grapes, low temperature for tea, heat for shrimps and cyclone for salmon. The weather risk management system is a set of software-as-a-service (SaaS) systems that customers can use to conduct historical meteorological risk inquiries, customize weather conditions monitoring and warnings based on insurance terms, and query real-time claims.

Partnerships and Next Steps
HF-MLOG has established strategic relations with most of China’s mainstream agriculture insurance companies to tackle basis risk and lack of awareness of index insurance. To provide most client value, the company is seeking active partnerships with seed and fertilizer companies, order farming companies and land custodians to bundle insurance with inputs and sponsor premium payment to mitigate production risks. HF-MLOG will continue working to contribute to the efficient agriculture insurance ecosystem in China to improve farmers’ livelihoods.

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About the Agriculture Insurtech Challenge
The path to unlocking the full potential of agriculture insurance in improving livelihoods of 2.5 billion smallholder farmers, often poor and marginalized, comes with various challenges. Whatever changes the world undergoes in the coming decade towards the realization of SDGs by 2030, our progress can only be meaningfully measured against the welfare of those individuals. Purpose-led entrepreneurs and social enterprises perceive challenges as opportunities to stimulate creativity, progress and value creation as they envision and create a new reality, leveraging the benefits of technology. To partner with such innovators to advance insurance in rural Asia, GIIF organized an agriculture insurtech innovation challenge in 2019 to best select and endorse Asian-grown enterprises. Out of 100+ applicants, 9 startups won the financial support in the three categories: Data & Analytics, Sales & Distribution and Premiums & Claims.

About the Global Index Insurance Facility (GIIF)
The Global Index Insurance Facility (GIIF) is a dedicated World Bank Group’s program that facilitates access to finance for smallholder farmers, micro-entrepreneurs, and microfinance institutions through the provisions of catastrophic risk transfer solutions and index-based insurance in developing countries. As of 2019, GIIF’s regional partners have facilitated approximately 7.6 million contracts, covering close to 38 million beneficiaries primarily in Sub-Saharan Africa, Asia, and Latin America and the Caribbean. GIIF objectives are to provide access to financing for the vulnerable to strengthen the financial resilience of the poor against the impact of climate change and natural disasters, and to sustain food production for local communities and larger markets.

HF-MLOG:
Founding year: 2015
Country in Operation: China