

FINANCIAL REVIEW

IAG buys into agriculture climate data start-up

James Fernyhough | Reporter
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Insurance Australia Group has bought a multimillion-dollar stake in a CSIRO-backed start-up that measures climate change risk on farms.

Digital Agriculture Services uses satellite and aerial imaging, artificial intelligence and data analytics to provide granular information on particular properties.

It takes information such as the position of buildings, their proximity to vegetation, and exposure to weather events, and measures it against the climate risks in that region.



IAG says the services DAS provides could help farmers and insurers take increasingly sophisticated climate projections and localise them to their own properties. Alex Ellinghausen

DAS then sells the information to insurance companies and lenders so they have a much more granular picture of the risks they are taking.

“The technology has advanced to the point where it is now possible to say what the risk is for this particular rural property, farm or portfolio, from anywhere in the world. That kind of property-level insight just wasn’t possible even a decade ago,” DAS co-founder and chief executive Anthony Wilmott said.

“Most agtech is about precision agriculture – helping decisions at plant or livestock level. We’re excited to work with IAG to help transform how off-farm decisions are made.”

He said it could also help farmers understand their own exposure to climate risk, and make more appropriate decisions. Agricultural suppliers were also potential customers, with farming supplier Nutrien Ag Solutions also a shareholder.

IAG, Australia’s largest general insurer, made the investment through its \$75 million venture capital fund Firemark Ventures. IAG would not say how much it had invested in DAS, except to say it was “in the millions”.

In April, Firemark Ventures also bought a stake in US start-up Arturo, which applies similar methods as those used by DAS – aerial imaging, AI, data analytics – to an urban setting, assessing risks to individual residential and commercial properties.

IAG, with other general insurers, has been leading the corporate push to better understand and respond to climate-change risk.

That included taking a leading role in setting up the Australian Business Roundtable for Disaster Resilience and Safer Communities, a business-led initiative that examines ways to make the built environment more resilient to the sort of extreme events that will become more common as global temperatures increase.

Last November, IAG published a major report modelling how climate change would affect weather patterns across Australia, and the consequences for the cost of insurance.

Findings included that bushfire risk and intense rainfall would increase across Australia; high-intensity cyclones would move further south, hitting southern Queensland and northern NSW; Victoria and NSW would be hit by more damaging hail (one of the most costly of all natural perils to insurers); and rising sea levels would increase the risk of flooding.

IAG’s head of natural perils and resident climate change expert Mark Leplastrier said

the services DAS provided could help farmers as well as insurers take increasingly sophisticated climate projections and localise them to their own properties.

“If you have a better understanding of the risks, you can actually help prevent those risks coming to fruition,” he said.

“So if you have a better understanding that there are certain types of buildings on a farm, how much fencing there is, which buildings are insured and which ones aren’t ... if [they] understand more of that detail and what’s driving the risk, it helps them make better decisions going forward.”

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