



G20 Seminar on Innovation for
Inclusive Development

Financial Resilience against Natural Disasters

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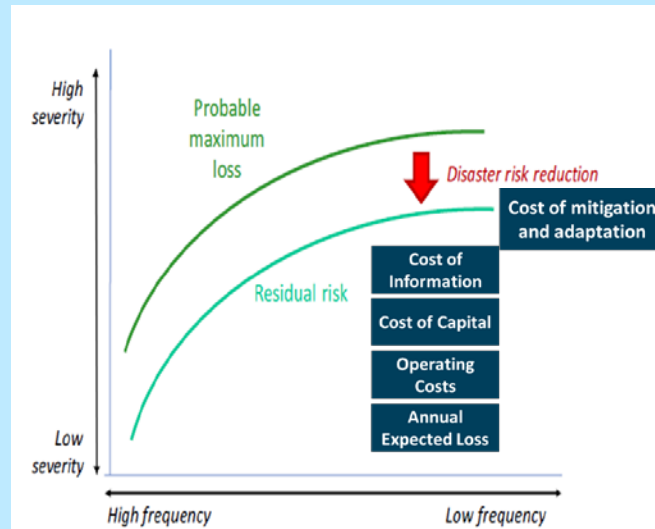
Disaster Risk Finance - Gap

Economic losses due to disaster events will further increase with climate change and concentration of economic assets

Protection Gap

The rate of economic losses has outpaced the growth of insured losses with Asia accounting for more than US\$900 billion from natural disasters over the last 20 years of which less than 5% were insured

Costs of Disaster Risk Reduction and Response



Infrastructure Gap

Developing Asia will need to invest \$1.7 trillion per year in infrastructure until 2030 of which US\$ 241 billion annual climate mitigation and adaptation including climate proofing, a subset of climate adaptation

Reduce risk to the point where it is no longer cost efficient to reduce it any further and partially transfer residual risk



Disaster Risk Finance - Insurance leveraged Offerings

| Risk Carrier | Insurable Interest | Risk Financing / Transfer Offering |
|-------------------------------|---|---|
| Public Privat Partnerships | Sustainable Infrastructure Investments | Risk transfer leveraged Funding <ul style="list-style-type: none"> ➤ Loans and Guarantees combined with (re)insurance and capital market instruments unlocking private financing and creating 'headroom' for public borrowing |
| (Sub-) Sovereign | Public physical Assets Emergency Response Forgone Revenue | Sovereign Macro schemes <ul style="list-style-type: none"> ➤ Loans and Grants supporting the establishment of National Disaster Management Funds / supported through Reinsurance and Cat Bonds schemes ➤ Contingent Disaster Credit Loans further leveraged by means of risk transfer elements ➤ Equity for specialized regional, national, provincial and urban insurance pools |
| SMEs Farmers Homeowners | Uninsured Private Assets | Public/Private Pool Insurance schemes <ul style="list-style-type: none"> ➤ Loans, Grants and Equity for regional/national risk sharing & transfer structures providing innovative protection schemes and access to finance |
| Most vulnerable Individuals | Livelihood Financial Inclusion | Micro- and Meso-Insurance schemes <ul style="list-style-type: none"> ➤ Loans and grants for investment in innovative digital and other technology allowing simplified and cost-efficient insurance products to reach poorest and most remote population and provide them access to finance |



Disaster Risk Finance – Urgency of Action

Game changing cooperation prerequisites embracing new technology

Public Sector

- Assume Ownership and account for DRFI benefit
- Implement Sendai framework for DRR
- Provide and enforce legal and regulatory framework
- Enable open source data
- Disaster Risk Finance Strategy as part of National Emerging Risks Management

Private Sector

- Technical expertise for innovative product development
- Mobilize financial strengths based on portfolio diversification
- Foster Corporate responsibility and ESG investments
- Agility in innovation and implementation of market-based solutions

Global Funds

- Effective use of Donor Funds such as GCF, CIF, GEF and in particular GRiF to support DRF projects

Technology

- Disaster Risk Data Analytics and Modeling to understand the Economics of technology enhanced Disaster Adaptation measures
- Satellites combined with other technology for the development of innovative risk transfer products
- Blockchain and smartphone technology for financial access and inclusion

Partnership Platforms

- Leverage Platforms such as the Insurance Development Forum, InsuResilience Global Partnership and the Center for Global Disaster Protection to promote DRFI

IFIs and MDBs

- Drive ESG compliant PPP infrastructure investment projects making them a standardized asset class
- First loss guarantees to raise market confidence
- Promote establishment of DRFI Strategies
- Consider subsidies to develop finance products embedding risk transfer

Civil Society

- Frontline views in Disaster Risk Finance policy dialogue
- Ensure local acceptance and sustainability in supporting community resilience building efforts
- Integrate Disaster Risk Finance solutions as community priorities



Thank you.

