APFF Work on Disaster Risk Financing and Insurance

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APFF's Proposal on Disaster Risk Financing

*From APFF's "2015 Progress Report to the APEC Finance Ministers*

a. Developing sound financial and insurance markets
b. Enhancing disaster risk evaluation through the use of data
c. Raising public awareness on disaster risk
d. Steering investment to upgrade disaster resilient infrastructure
e. Knowledge sharing to prompt actions among APEC economies
f. Public-private collaboration
Cebu Action Plan
“3B. Disaster Risk Financing and Insurance”

a. Assess needs from private insurance companies, collect disaster data, and study the possibility of constructing disaster risk data base
b. Research on the status of development of disaster risk data and insurance systems among economies
c. Encouraging APEC economies to establish private disaster insurance systems among economies
d. Development of Disaster Risk Exposure Models and Disaster Risk Insurance Facilities for APEC Economies
e. Development of Risk Insurance Facilities for central/local government levels and individual level (i.e. micro-insurance)
f. Development of facilities to help governments reduce the need to reallocate/borrow funds to cover the costs of disasters (i.e. FONDEN (Mexico), CAT Bonds, Contingent credit lines)

Cebu Action Plan
“3B. Disaster Risk Financing and Insurance”
Deliverables and Timeline

Deliverables

- Establish and promote private disaster insurance schemes
- Deepen insurance penetration within their economies and develop regional risk sharing measures
- Develop a roadmap and network of experts through the support of APFF for expanding the coverage of micro-insurance and disaster risk finance in member economies

Delivery Timeline

- Short Term: 1 year
- Medium Term: 2-4 years
- Long Term: 5-10 years
Cebu Action Plan
“Proposed studies in support of the Cebu Action Plan”

Disaster Risk Financing and Insurance

APEC economies to study the possibility of constructing *disaster risk data base*

ADB and OECD to jointly conduct a stock take and prepare a report on ‘Managing financial risks of disasters as contingent liabilities in public finance frameworks’

OECD to conduct a study of *risk mitigation instruments* available in the APEC region and develop a set of *policy recommendations* to improve their availability

Cebu Action Plan
Proposed APFF Work Plan on DRFI for 2016

**CAP Deliverables**

- Establish and promote private disaster insurance schemes
- Deepen insurance penetration within their economies and develop regional risk sharing measures
- Develop a roadmap and network of experts through the support of APFF for expanding the coverage of micro-insurance and disaster risk finance in member economies
  - APEC disaster risk database
  - ADB & OECD report on ‘public finance frameworks’
  - OECD study on risk mitigation instruments

**Proposed APFF Activities In 2016**

- Formalize APFF’s DRFI Sub-stream expert group
- Setting up opportunities for dialogue with APEC finance ministry officials
- Identify economies and risks of priority
- Create a framework for disaster risk database
- Work with relevant international organizations to promote studies and reports