



Acceleration of public-private collaboration needed to close the protection gap

At the IDF Day held recently in Singapore during the annual Global Insurance Forum hosted by the International Insurance Society (IIS), the Insurance Development Forum (IDF) called to accelerate public-private collaboration and action in order to close the protection gap that leaves Emerging Asian countries most vulnerable to natural catastrophes.

According to the Asian Development Bank (ADB), between 2000 and 2018 more than four in five people (84%) affected by natural hazards were living in developing Asia; the region accounted for 55% of the global disaster death toll, and for 26% of global damages. In the period from 1970 to 2019, the region lost USD1.5 trillion due to natural disasters, while the estimated costs of damage from these catastrophes as a percentage of GDP is increasing.



Duverne

Denis Duverne, IDF Chairman and Chairman of the Board of AXA, stated: “The insurance industry and the

public sector need to accelerate their collaboration into action. We need to drive concrete significant measures to extend the use of insurance and related risk reduction capabilities to help build greater resilience to climate risk and natural catastrophes in countries where it is needed most.”

The protection gap, or the difference between total losses and insured losses, is highest in Emerging Asian countries regarding natural catastrophes. The share of uninsured property catastrophe losses caused by storms, floods and earthquakes is above 90 percent in these countries.

Achim Steiner, Administrator of the United Nations Development Programme (UNDP), commented at the gathering: “The consequence of unmanaged risk is clear. In 2018, there was USD160 billion of loss from natural hazard, USD80 billion of which was not insured. The impact of this loss on lives and livelihoods is immense, especially in the most vulnerable countries and communities.

“The insurance industry has a critical role to play in helping to close this ‘protection gap’ and UNDP looks forward to working them on innovative partnerships to achieve this, especially through global partnerships such as the Insurance Development Forum and InsuResilience Global Partnership, to

which we remain firmly committed.”

One of the key focuses of the IDF Day was a new report released by IDF member ICMIF, in partnership with many IDF partners, which examined in detail the role of inclusive insurance in the wake of Haiyan. Here, the evidence points strongly to faster recovery from disaster by those families that have insurance.

The IDF Day also focused on infrastructure and the importance of proactive risk management in this area. Infrastructure needs in developing Asia and the Pacific are reported to represent USD1.7 trillion per year to 2030 in order to maintain the region’s growth momentum while also addressing climate change mitigation and adaptation.

“The insurance industry has vast technical expertise on how to increase climate resilience for infrastructure assets, and risk transfer mechanisms are a critical source of funding for repairing or reconstructing infrastructure when it is damaged or destroyed by a natural disaster. To protect economic gains, enabling greater access to these capabilities should be at the forefront of the policy agenda for the region,” Duverne commented.

The IDF will be releasing a guide to insuring public assets later this year aimed at providing practical recommendations to governments and other public entities seeking to protect their assets and gain access to the knowledge and technical competence the re/insurance can provide.

The IDF is a public-private partnership led by the re/insurance industry and supported by international organizations. The IDF was first announced at the United Nations Conference of the Parties (COP21) Paris Climate Summit in 2015 and as officially launched by leaders of the United Nations, the World Bank and the insurance industry in 2016.

The IDF aims to optimize to optimize and extend the use of insurance and its related risk management capabilities to build greater resilience and protection for people, communities, businesses, and public institutions that are vulnerable to disasters and their associated economic shocks.