



Public Finance Management & Insurance in the face of Disasters

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Key Takeaways

- **Risk data & information** inform land use and development **standards**, along with risk management **solutions** such as insurance
- **The protection gap exists – but the ways to bridge it are within reach**, including lower-cost insurance and finance solutions to reduce risk before disasters strike and to support rapid, resilient recovery
- **Insurance helps even if you never have a claim –** pre-disaster mitigation, budgeting & risk communication

Indemnity v. Parametric Insurance

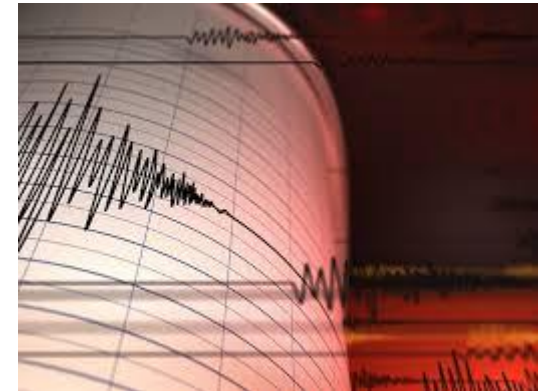
Indemnity

- Pays on actual loss
- High administrative costs
- Processing of claims to confirm loss takes time



Parametric

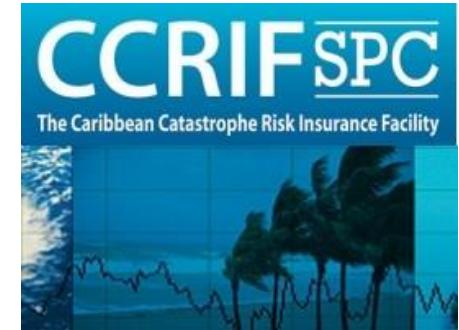
- Payment upon triggering event
- Simple, easy to understand
- Event trigger defined by independent agency data



Parametric Insurance Examples

- **Caribbean Catastrophe Risk Insurance Facility (CCRIF)**

- Coverages for government buildings, infrastructure, emergency costs, revenue loss (taxes & tourism)
- Covered perils include tropical cyclone (wind) and earthquake



- **African Risk Capacity (ARC)**

- Cover triggered by parametric index developed with World Food Programme
- Rainfall measured by a network of satellites



- **Global Ecosystem Resilience Facility (GERF)**

- Tourism tax used to fund coral reef restoration and parametric insurance protection



