



**2016**  
**ASIAN BUSINESS FORUM**  
on Risk Reduction and Resilience Building

Co-organized by  
ADB Canada adpc giz GDRM  
Global Disaster Preparedness Center The Asia Foundation



**giz** Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH

# **(Micro) Insurance against Natural Catastrophes for MSMEs - A toolkit for public and private entities -**

**Antonis Malagardis, GIZ RFPI**





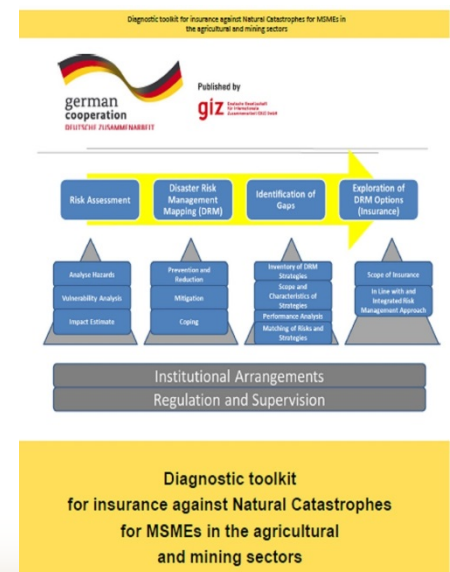
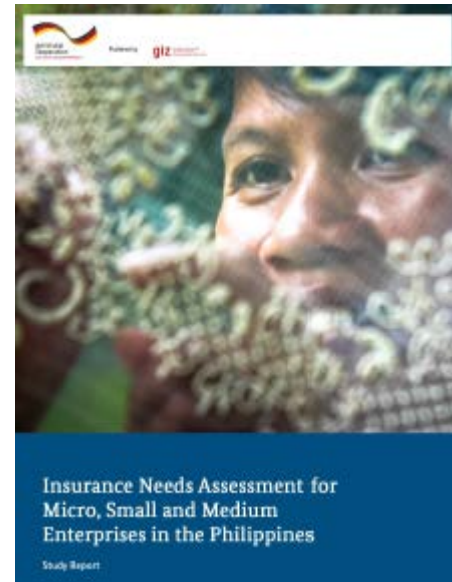
# Outline

- 1. Microinsurance works!**
- 2. The response of MI to Typhoon Haiyan**
- 3. SMEs and insurance**
- 4. A diagnostic Toolkit for SMEs and NatCat Insurance**
- 5. Next steps for public and private entities**



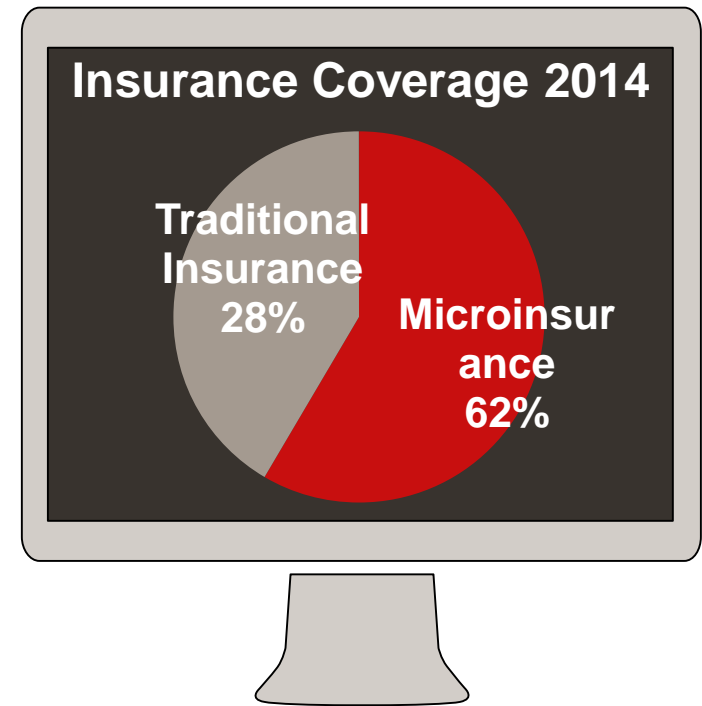
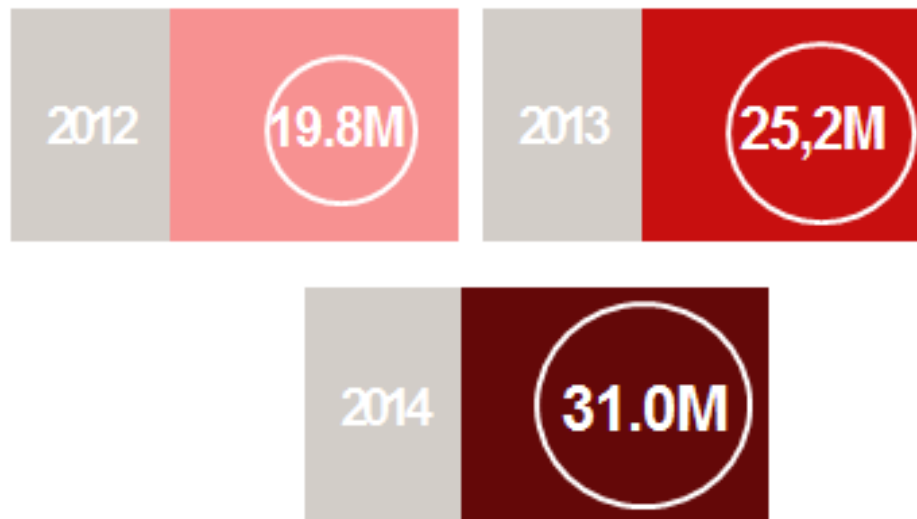
# RFPI GIZ ongoing work...

- **Analysis** of MI & NatCat
- **Findings** from MSMEs insurance needs assessment
- **Implementation** of a diagnostic toolkit for insurance against NatCat for SMEs
- **Introduce** MEFIN network





# Microinsurance works!



**Source: Insurance Commission Philippines**



# MICROINSURANCE FIGURES WORLDWIDE

(source: MI Landscape 2012, 2013, 2014)

**LAC: 2013**

**Africa: 2014**

**Asia: 2012**

**Lives  
covered**



**48.6 M**  
7.9%

**61.8 M**  
5.4%

**170.4 M**  
4.3%

**Gross written  
premiums (USD)**



**828 M**

**756 M**

**829 M**

**Claims paid**

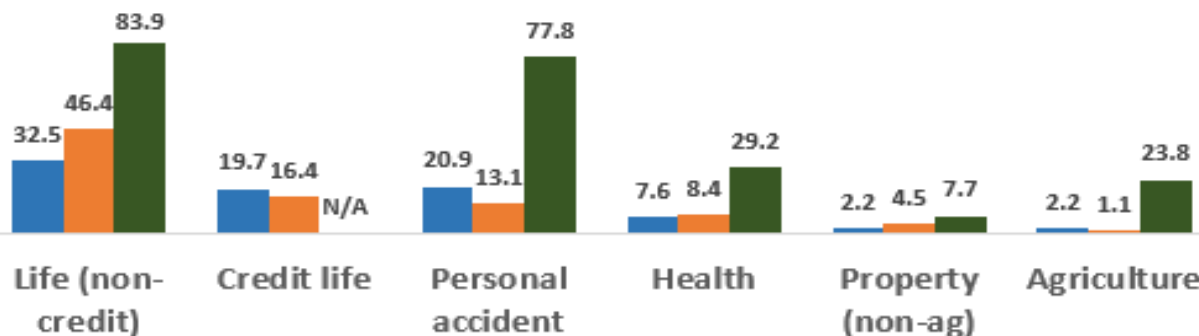


**26%**

**32%**

**79%**

**Types of products  
offered (millions of  
lives covered, including  
secondary covers)**







## In November 2013 Typhoon Haiyan (Yolanda) hit the Philippines

Highest wind speeds ever  
seen on land with winds of **313 km/h**



Impacted over

**16**  
million people



Displaced almost

**4.1**  
million people



Had an unprecedented  
storm surge that was main  
cause of death  
for the  
**6,300**  
casualties

Estimated  
**USD  
700  
million**  
in damage to agriculture  
and infrastructure



### Aiding the disaster recovery process

The effectiveness of microinsurance service providers'  
response to Typhoon Haiyan

Detlev Swiderski and John Wied

## Claims paid after the typhoon



Claims paid  
amount to  
PHP 532 million

**USD  
12  
million**

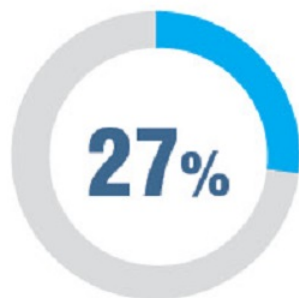
**111,000**

microinsurance  
claims have been paid  
out of 126,363

**98%**

were calamity  
coverages

### Timing



of claims **paid in the  
first 4 ½ weeks** after  
the typhoon.



of reported  
microinsurance  
claims were **paid  
by March 2014**



Average claims payout was

**USD 108** PHP 4,777



**50%**

used for housing  
repairs



**50%**

used on restarting  
livelihoods



## ***Business continuity is threatened by financial risk events***

### ***Top 5 financial risks of MSMEs in the Philippines***

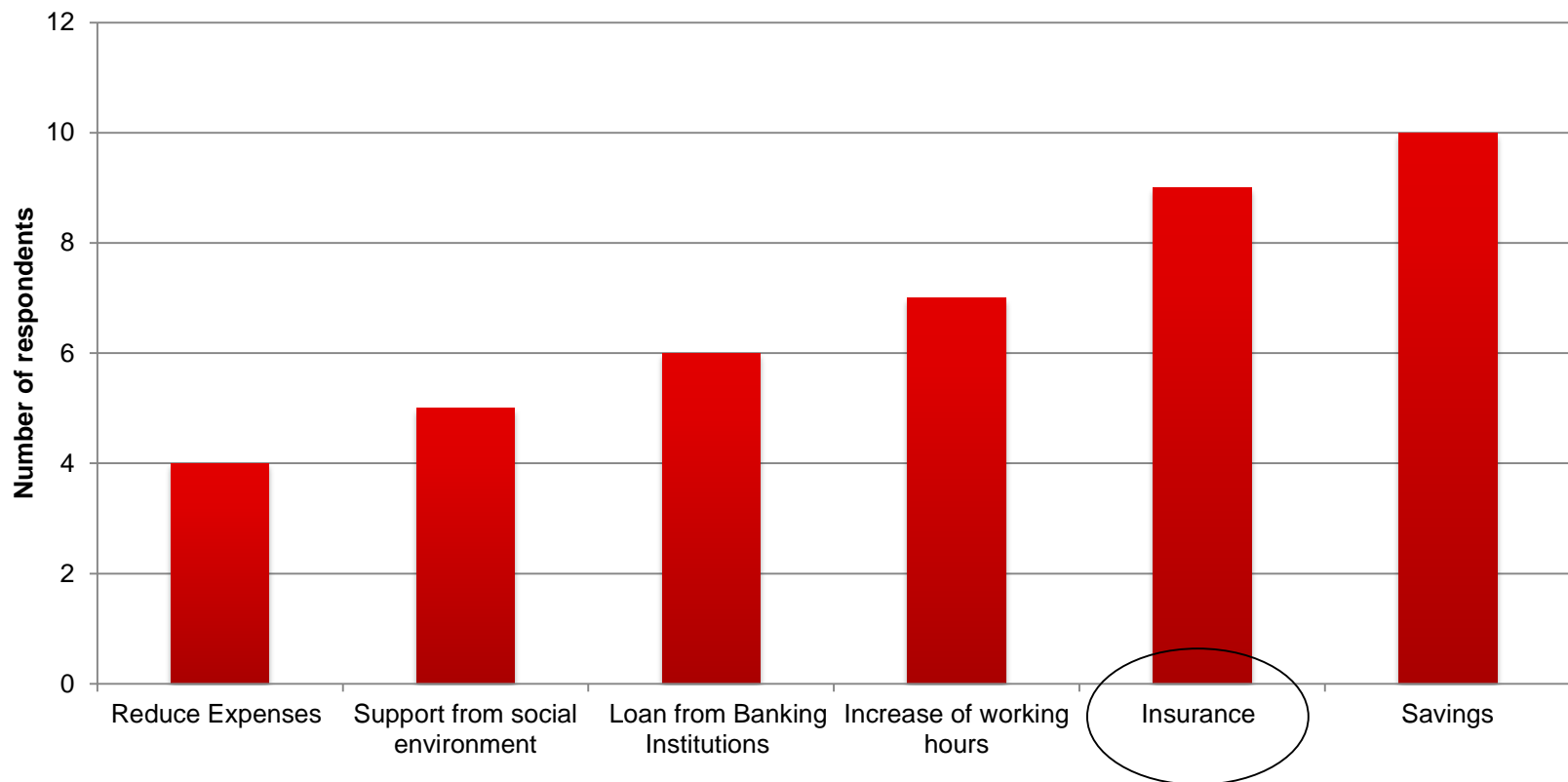
Ranking	1	• Natural Disasters (flood, heavy rain, drought, earthquake)
	2	• Fire (affecting building or assets)
	3	• Illness (of owner, employees or their family) • Theft
	4	• Loss of potential income due to several reasons (supplier did not deliver raw materials on time, reservations and bookings got cancelled, etc.)
	5	• Accidents causing injury or disability

Source: Report Insurance Needs Assessment for MSMEs in the Philippines, GIZ, November 2014





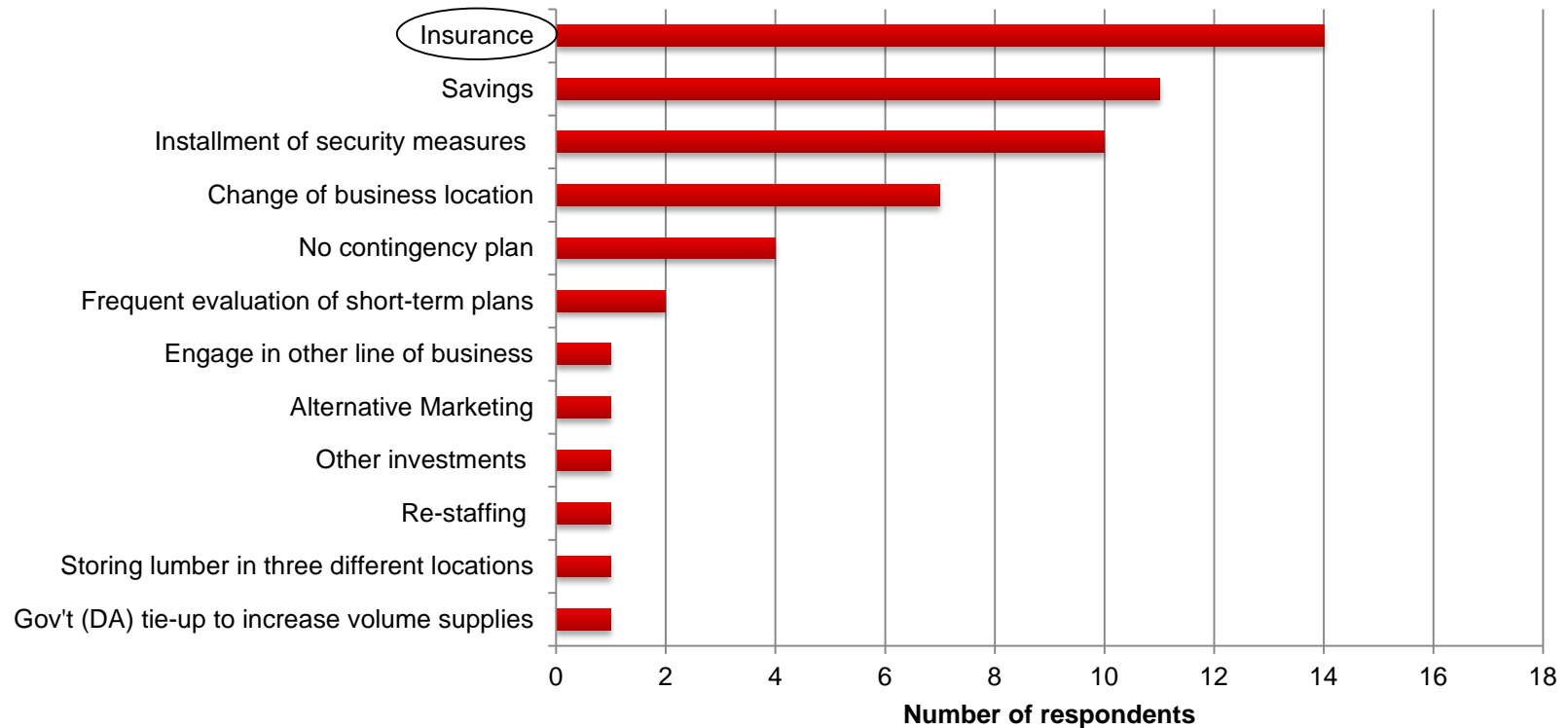
### ***Insurance tops the list of coping mechanisms of MSMEs to ensure business continuity***



Source: Report Insurance Needs Assessment for MSMEs in the Philippines, GIZ, November 2014



## ***Insurance tops the list of contingency plans of MSMEs to ensure business continuity***



Source: Report Insurance Needs Assessment for MSMEs in the Philippines, GIZ, November 2014



### *MSMEs spoke of most relevant insurance products which would manage the threat of business continuity*

#### Life

- Health, Hospitalization
- Life, Memorial
- Personal accident

#### Property

- Fire
- Theft
- **Natural catastrophes**

#### Liability

- Performance bonds
- Loss of income
- Cancellation of order/booking

Source: Report Insurance Needs Assessment for MSMEs in the Philippines, GIZ, November 2014

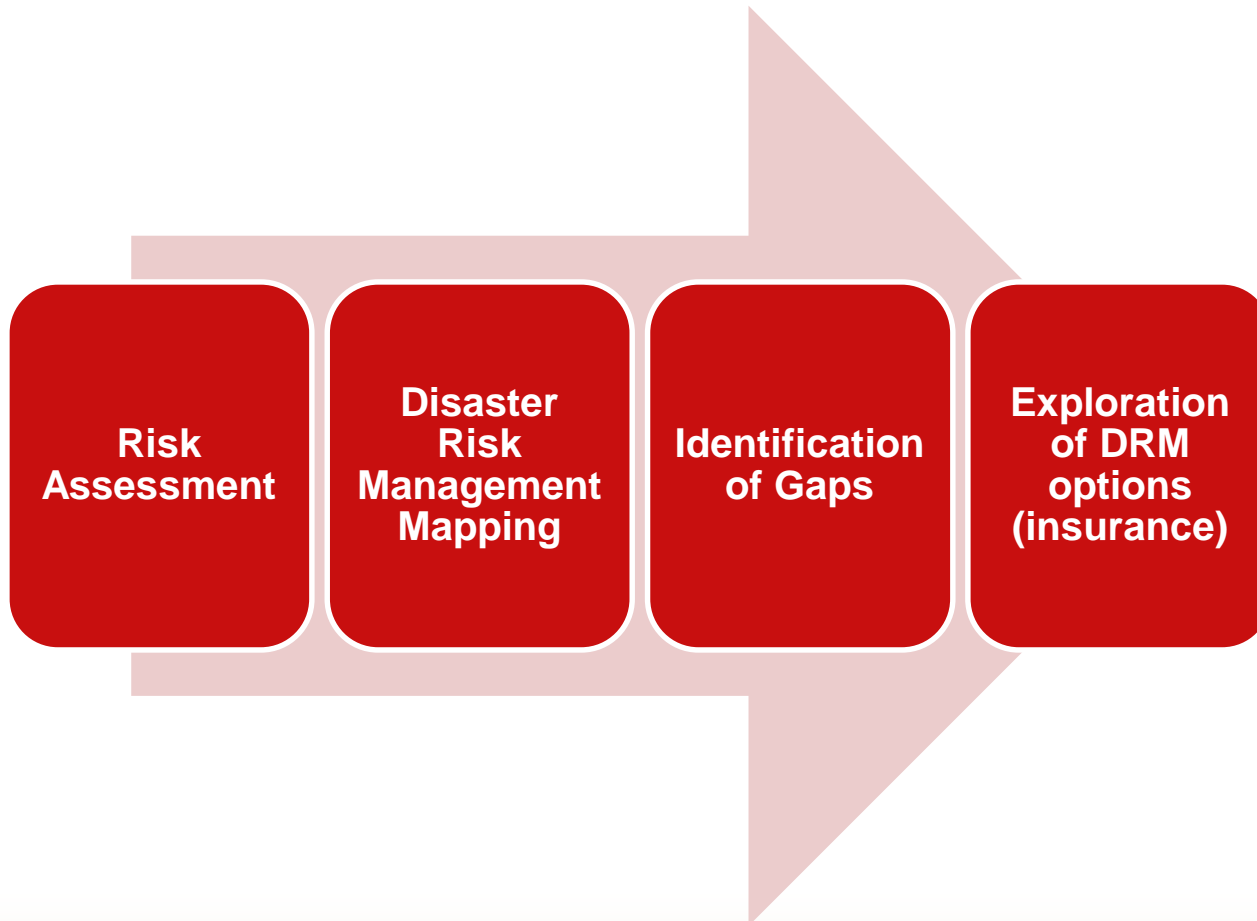


# 1. Context of the Toolkit development





# Diagnostic Toolkit structure: Analytical Framework







## 2. Highlights of the Toolkit Concept

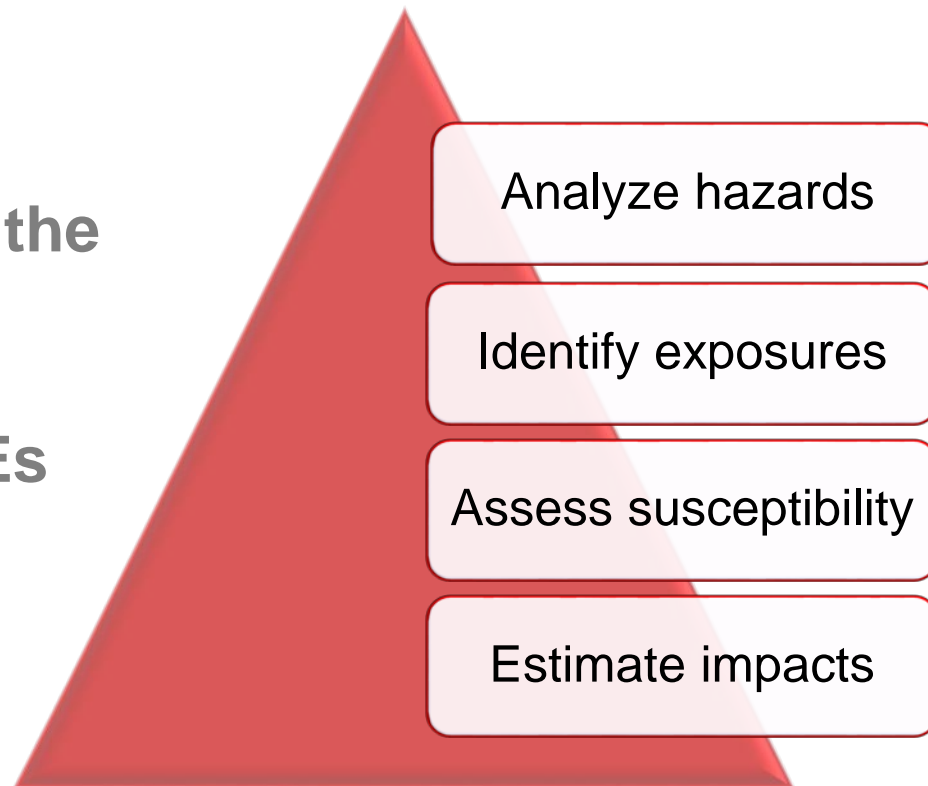




# International Risk Assessment Frameworks

**Commonalities of the  
frameworks**

**→ applied to MSMEs**





## Insurance as a DRM option

- Identify DRM tools that
  - a) achieve highest **protective effectiveness**
  - b) strengthen government's and MSME's **resilience**
  - c) meet the diversified **needs of the MSME value chain**
- In a risk layering approach, the **catastrophic risk layer (low frequency – high severity events)** is where insurance can play a key role, transferring risks to third parties (e.g. **insurance and re-insurance**).

**...Integrated Insurance Approach...**

**Risk  
Assessment**

**Disaster Risk  
Management  
Mapping**

**Identification of  
Gaps**

**Exploration of  
DRM options  
(insurance)**

Analyze hazards

Identify exposures

Assess susceptibility

Estimate impacts

Evaluate risks

Prevention and  
Reduction

Mitigation

Coping

Inventory of DRM  
Strategies

Scope &  
Characteristics of Strat.

Performance Analysis

Matching of Risks and Strat.

Scope for  
Insurance?

In line with an  
Integrated Risk  
Mgmt. Approach

**Institutional Arrangements**

**Regulation and Supervision**



## For further discussion & *Homework*

### Application/ Use of the Toolkit:

- **Governments** re integrated disaster risk management approaches
  - Is the information to be assessed through the AF useful (too much information – lack of information)?
  - Is the process feasible/realistic (considering funding and time constraints, incl. human resources)?
- **Insurance industry** in the development of NatCat insurance products
  - Are the information assessed useful (too much information – lack of information)?
  - Would this information motivate you to enter the (index) NatCat market for MSMEs (also for meso and macro level products)?
  - What other conditions would encourage you to enter the NatCat market?





## Mutual Exchange Forum on Inclusive Insurance

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## MEFIN Brief Overview

The Mutual Exchange Forum on Inclusive Insurance (MEFIN) is a peer network of insurance regulatory authorities in Asia established as a platform for an effective and efficient exchange of relevant knowledge and best practices on inclusive insurance. It was formed in May 16, 2013 through the assistance of the GIZ program on Regulatory Framework Promotion of Pro-poor Insurance Markets in Asia (RFPI Asia) with regulators from six Asian countries who pledged to support inclusive insurance as a strategy for poverty reduction in the region. Formalized in January 19, 2016, MEFIN aims to create impacts of regulation and supervision along the dimensions of market development, institutional development and client value for the benefit of the poor.

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## Regional Steering Committee (RSC)

The Regional Steering Committee (RSC) sets the strategic direction of the MEFIN Network. It develops policies of the MEFIN, and reviews and approves the plans of the Network. Using a set of selection criteria, the RSC also approves the applications of new countries who would like to join the regional Network.

The RSC creates Technical Working Groups (TWGs) as a means to facilitate the attainment of the goals of the Network. The TWGs work on various topics of regional interest and relevance to the members. Current topics include Regulation and Supervision, Knowledge Management, Capacity Building and Business Models. Each TWG prepares its own Annual Work Plan and submits to the RSC for review and approval.

Meeting twice a year, the RSC is composed of regulators from the MEFIN countries. It is led by a Chair and a Vice-Chair and is supported by a non-voting Secretariat which provides content, technical and administrative assistance.



# THANK YOU VERY MUCH FOR YOUR ATTENTION

**For downloading the Diagnostic toolkit:**

[http://www.inclusiveinsuranceasia.com/docs/Toolkit\\_Publication\\_Final.pdf](http://www.inclusiveinsuranceasia.com/docs/Toolkit_Publication_Final.pdf)

[www.inclusiveinsuranceasia.com](http://www.inclusiveinsuranceasia.com)

[Antonis.malagardis@giz.de](mailto:Antonis.malagardis@giz.de)