

Photo Credit: Kyrgyz Republic/World Bank



# Crisis and Disaster Risk Finance Executive Education Program

CDRF Country Impact Stories  
Kyrgyz Republic:  
Implementation of  
mandatory disaster insurance  
program for households

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Disaster Risk Financing  
& Insurance Program



Environmental Change Institute



# Here with you today from the Kyrgyz Republic



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## Role

- ◆ Chairman

## Department

- ◆ Financial and Insurance Regulation and Supervision Agency

## Professional background

- ◆ 17 years of experience, including in senior positions, in the State Securities Market Authority, which currently regulates and supervises accounting, financial reporting and auditing.
- ◆ Advisory Committee on Financial Markets of the Eurasian Economic Commission of the EAEU, Board of Directors on Securities Market Regulation of the CIS member states

# Mandatory disaster insurance program



## Country Program/Project Overview



### How it all started

- ◆ The Kyrgyz Republic is exposed to frequent natural disasters. Losses from natural disasters are expected to have high impacts on people, livelihoods, and government finances in coming years.
- ◆ Before 2015, every year the government would pay compensations to the affected people but these were not enough.
- ◆ The Kyrgyz Republic is the first country in Central Asia to introduce a mandatory fire and disaster insurance for residential premises. The Government has been working with the WB to operationalize the disaster insurance program.
- ◆ State Insurance Organization (SIO) was established to implement the program
- ◆ Laws and Regulations have been set out
- ◆ Recently, a decision was taken to form a public-private partnership to implement the program effectively.



### Workstreams

#### Program improvement

- With support of a WB project:
- ◆ Web platform for underwriting and claims management
  - ◆ Earthquake risk model
  - ◆ Tariffs
  - ◆ Risk management
  - ◆ Claims management

#### Establishment of a pool (fund)

- ◆ Development of legal frameworks
- ◆ Learning from other countries e.g., Türkiye
- ◆ Working with the private sector
- ◆ Developing a roadmap for reforms

# Impact – Key highlights



## What are the key impacts to date?

- ◆ State Insurance Organization established and is fully operational with substantial capital
- ◆ The level of insurance coverage has grown to 11% in 2023.
- ◆ Most vulnerable are more insured: rural policies consistently constituting approximately 85% of the overall insurance portfolio



## What are key challenges?

- ◆ High concentration of risk
- ◆ Demand for insurance and enforcement
- ◆ Accessing reinsurance market
- ◆ Technical capacities
- ◆ Willingness of the private sector to enter the pool (low insurance premium + high risk)



## What are your priorities over the next 3 to 5 years?

Establish a well-functioning catastrophe insurance pool (likely a subsidiary of SIO) with sound financial health, access to international reinsurance markets; and increase insurance penetration (check-points are being implemented)