



Photo credit: Sarber Pastora

# Crisis and Disaster Risk Finance Executive Education Program

CDRF Country Impact Stories

Morocco, FSEC and EVCAT:  
Dual mechanism to protect  
against disasters

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Disaster Risk Financing  
& Insurance Program



Environmental Change Institute



# Here with you today from Morocco



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## Role

- ◆ First Director of FSEC
- ◆ President of the Moroccan Insurance Regulator (ACAPS)

## Professional background

Served in a series of senior positions with several Moroccan insurance companies before joining FSEC and, subsequently ACAPS:

- ◆ Actuarial, Statistics and Development Director at SANAD
- ◆ Technical Director at CNIA
- ◆ Deputy General Manager of Zurich Assurances Maroc
- ◆ Deputy General Manager at Wafa Assurances
- ◆ Deputy Managing Director at Société Centrale de Réassurance (SCR)

## Education

- ◆ Master's degree in Mathematics (University of Rouen Normandy, 1991)
- ◆ Master's degree in Statistics (Pierre and Marie Curie University Paris, 1994)
- ◆ MBA from HEC Paris (2010).

# Overview of the program in Morocco



## Background and objectives

- ◆ Morocco is highly exposed to flood and earthquake risk, as well as droughts and a range of other perils
- ◆ To increase financial resilience to disasters, Government of Morocco have twin objectives:
  - Building the natural catastrophe insurance market
  - Protecting the uninsured, especially poor and vulnerable populations unable to afford private insurance



## Program components

- ◆ **A national insurance program against catastrophic events** for privately insured households and businesses (EVCAT)
- ◆ **A Solidarity Fund** or Fonds de Solidarité contre les Evènements Catastrophiques (FSEC), for **uninsured households**
  - Financed by a parafiscal tax on the insurance market
- ◆ Partnership between the public and private sector, as well as development partners, which brings:
  - ◆ Expertise
  - ◆ Risk capital
  - ◆ Lessons from international experience
- ◆ Risk modeling: sophisticated understanding of risk for FSEC and key government stakeholders to inform strategy and operation
- ◆ Link to risk reduction: Government of Morocco invests significantly in disaster risk management, ensuring positive externalities with disaster risk finance

# Impact – Key Highlights



## What are the key impacts to date?

- ◆ **Significant finance to respond to the September 2023 earthquake:** \$275m payout from earthquake reinsurance policy, alongside \$50m raised from the parafiscal tax to support uninsured households
- ◆ **Complete coverage:** The whole population of Morocco is covered by EVAT or FSEC



## What are key challenges?

- ◆ **Flood risk is complex:** modeling and securing cost-effective, meaningful risk transfer for flood is highly challenging. Significant investment is being made into data infrastructure and analytics to improve decision-making and unlock risk financing
- ◆ **The last mile is crucial:** continual investment and coordination across government and the private sector is needed to ensure that money reaches the right people at the right time
- ◆ **Culture of insurance:** globally, ensuring high take-up of nat cat insurance is challenging. Communication programs and clear incentives will need to be part of the solution alongside the natural development of a culture of insurance as experience of households and businesses grows



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

- ◆ Continue to build modelling and analytics capacity, in particular on flood risk
- ◆ Ensure a stable and cost-effective risk layering strategy for FSEC
- ◆ Put in place risk transfer for FSEC against flood risk
- ◆ Focus on the continued growth of nat cat insurance penetration
- ◆ Integrate disaster risk finance into broader climate and risk financing in Morocco
- ◆ Anchor the expansion of risk finance within the overarching financial sector development agenda