



DRF Instruments (Round Table)



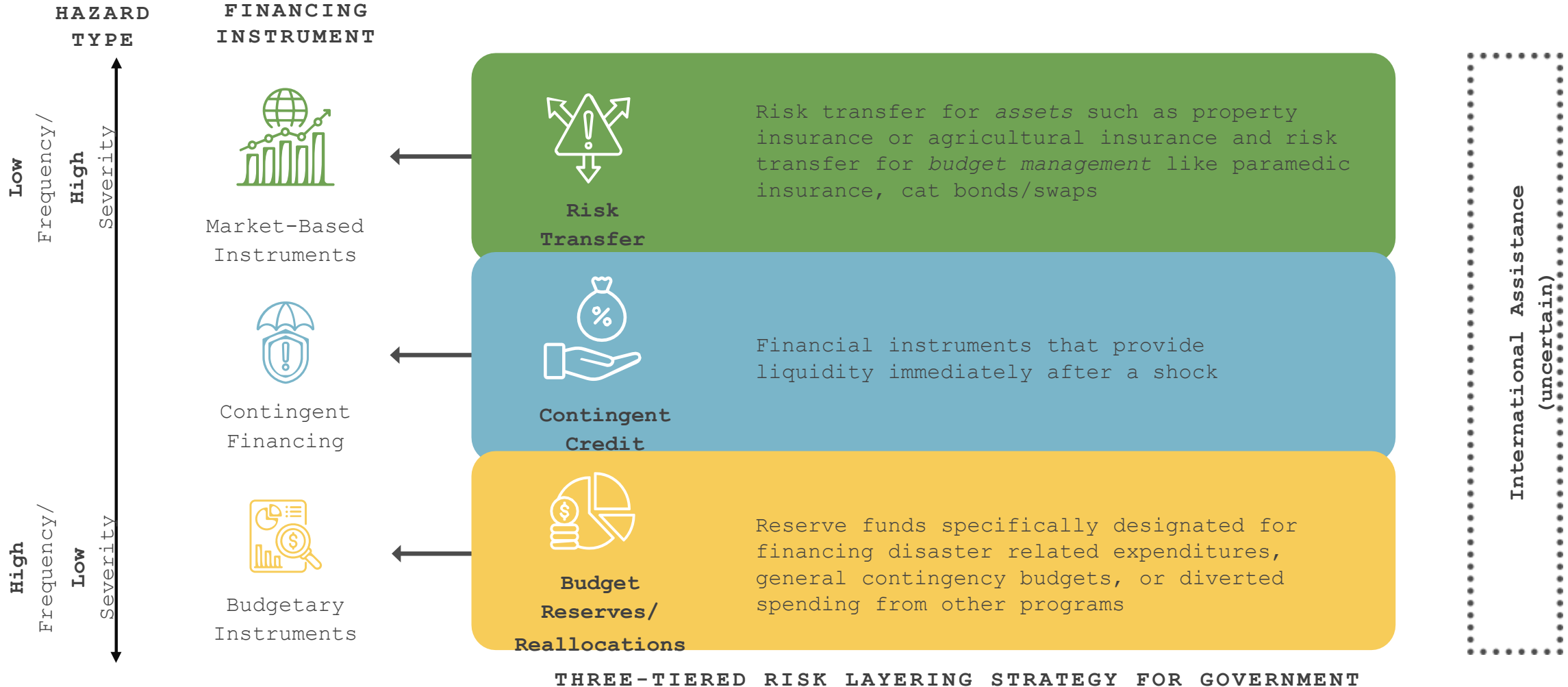
Disaster Risk Financing
& Insurance Program



Global Shield
Financing Facility

Core Principle 3: Disaster Risk Layering

NO SINGLE FINANCIAL INSTRUMENT CAN ADDRESS ALL RISKS





Parametric Insurance and Catastrophe Bonds

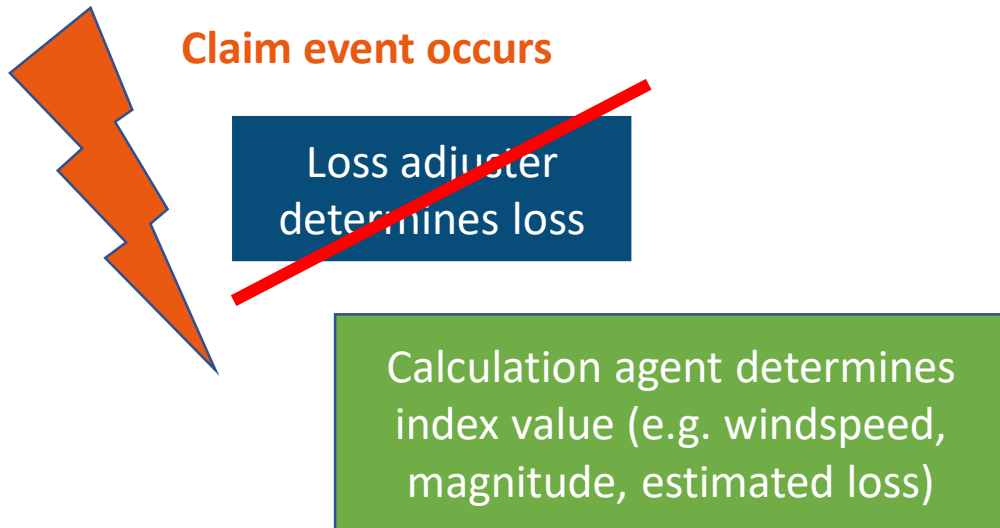
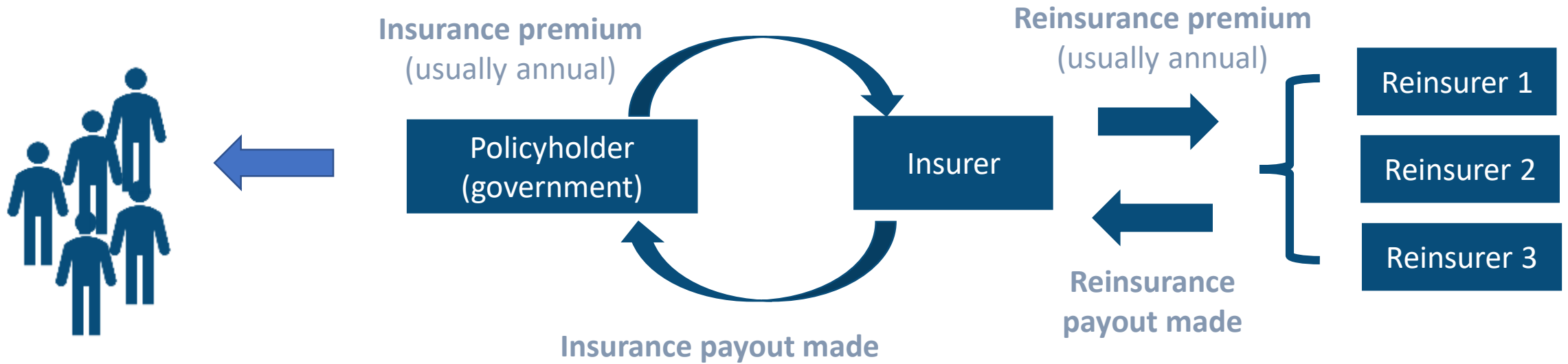
 Shannen Nicole Chua, Nicolas Pondard



REPUBLIC OF THE PHILIPPINES
BUREAU OF THE TREASURY



How an insurance contract works: **parametric** insurance



Benefits:

- Quick payout based on predefined triggers.
- Transparent and objective claims process.
- Customizable coverage tailored to specific risks.

Limitations:

- Potential mismatch between trigger and actual losses.
- Limited scope focused on specific triggers or events.
- Pricing challenges related to uncertainty of future losses.

Catastrophe Bond

What is a Catastrophe Bond?

A Catastrophe Bond (CAT Bond) is an insurance-like security whose potential payouts are secured through a bond issuance. The CAT Bond is an insurance-linked security that transfers a specific set of risks to the capital market.

Key Features

Purpose	Provide additional HIGHER layer protection
Use of Payout	General budget support (not tied to an asset)
Payout Speed	Can be quicker compared to indemnity insurance coverage (based on trigger used)
Trigger Structure	Up to the discretion of covered entity Can be single step, multi-step - PH did 3-step
Trigger	Up to discretion of covered entity Options: Indemnity, Modeled Loss, Parametric, Industry Loss Index
Issuer	Entity that can issue bonds and set-up an SPV Example: World Bank Capital-at-Risk Notes Facility, Reinsurance Companies (Residential Reinsurance)
Sponsor	Covered entity - example: Philippine government
Perils Covered	To the discretion of of covered entity. Philippines chose typhoon and earthquake



Regional mechanism: Risk pools

Ellen Yong



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What are Risk Pools?



Each member pays risk-based premium. Pre-defined criteria triggers payouts.



The pool retains some of the risk through the pool's joint reserves and capital, and transfer excess risk to the reinsurance and capital markets.



**Reinsurance
and Capital
markets**

• Why are Risk Pools Relevant?



Lower cost of insurance through regional diversification



Reduces capital required and reinsurance costs through increased stability



Achieve economies of scale through joint risk models and product development



Create access to risk transfer expertise and increase risk awareness



Public Asset Protection

Idris Aswin, Greg Fowler



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DRF Funds

Yogi Rahmayanti, Dara Lengkon



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Adaptive Social Protection

Ekki Syamsulhakim



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Opsi Respons PSA

Penting untuk memastikan ketersediaan data untuk menginformasikan *scale-up* yang cepat ke rumah tangga non-penerima manfaat yang terkena dampak

