



Southeast Asia Disaster Risk Insurance Facility

PROTECT THE GREATEST HOME OF ALL:

OUR COUNTRIES

SEADRIF is a regional platform to provide ASEAN countries with and technical advice to increase their financial resilience to climate and disaster risks.



Managing insurance programs

Facilitator: Benedikt Signer

Speakers:

Greg Fowler | Kaavya Ashok Krishna

Rob Antich | Djoko Trenggono | Ika Dwinita Sofa

Objective and structure of webinars

INTENDED OUTCOME:

Government officials to develop strong understanding of the steps required to design, develop, deliver and operate effective financial protection of public assets, particularly through risk transfer and insurance

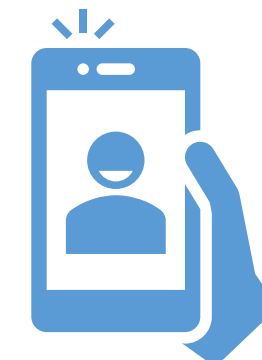
90-minute webinar for each factsheet



Different guest speakers



Live polls:
Please participate



Please share questions via Q&A function



Overview of the Knowledge Series

- Roles and responsibilities for the government officials within an internal insurance program, the associated stakeholders, including auditing, compliance and governance, supervisory.
- Multi year aspects such as renewals and re-assessment of exposures.
- Review of procurement considerations
- Dealing with claims management
- Incorporating innovations and technologies



FACTSHEETS 7 and 8

- Development of an implementation roadmap for a public asset financial protection program
- How governments can agree objectives and build consensus around priorities
- How to develop internal governance and oversight functions, and ownership at each level of the insurance program
- How risks are allocated across asset owners and operators



FACTSHEETS 1 and 2

- Roles and options available to construction of cost-effective insurance, including common insurance structures and case studies, their pros and cons against considerations of budgets, risk appetites, and government priorities
- Introduction of pooling and mutualization of large scale public assets insurance programs
- Insurance/reinsurance concepts of retention, deductible and exclusion



FACTSHEETS 5 and 6

- The importance and development of Public Assets Registries, and associated Enterprise Asset Management systems.
- How to assess and quantify asset exposure, sources of data, requirements for insurance transactions
- Introductions to the use of catastrophe analytics, burning cost / technical and market rates, tariff structures, risk based pricing methods, and underwriting.



FACTSHEETS 3 and 4



Part 1 – Program activation

Greg Fowler

Consultant, Crisis and Disaster Risk Finance, World Bank Group

Overview

(1) Program activation

(2) Program renewal



Checklists

Program Activation

- Governance
- Communications
- Recruitment
- Training
- Corporate services support
- Procurement
- IT systems and data integration
- Claims management systems and protocols
- Member onboarding
- Risk financing

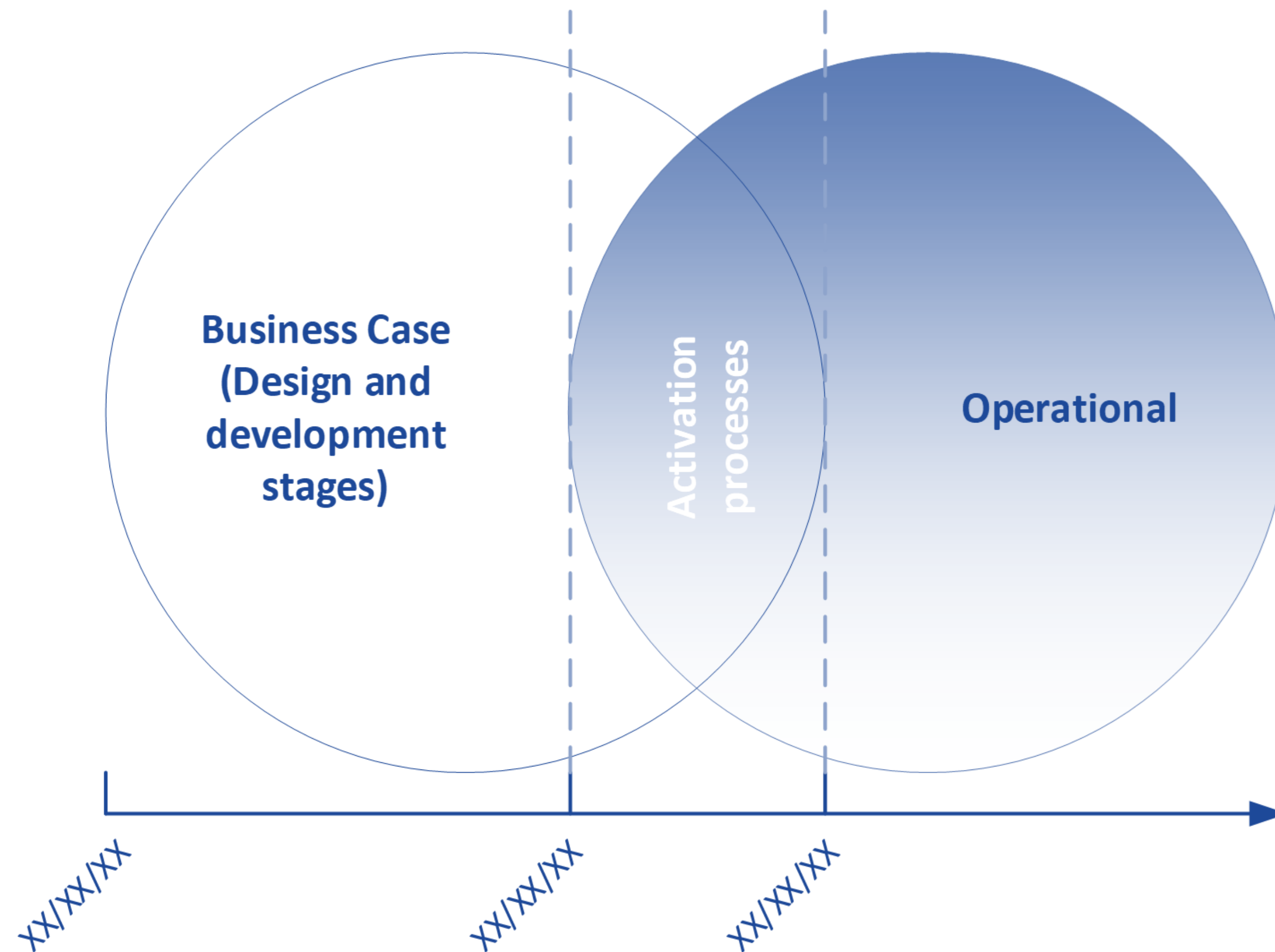
Program Renewal

- Governance
- Communications
- Recruitment
- Corporate services support
- Procurement & contract management
- IT systems
- Data management
- Member management (On-boarding, engagement & training)
- Risk financing/program management
- Financial management
- Claims management
- Risk management

Part 1

Program activation: The New Zealand experience

Activation in context

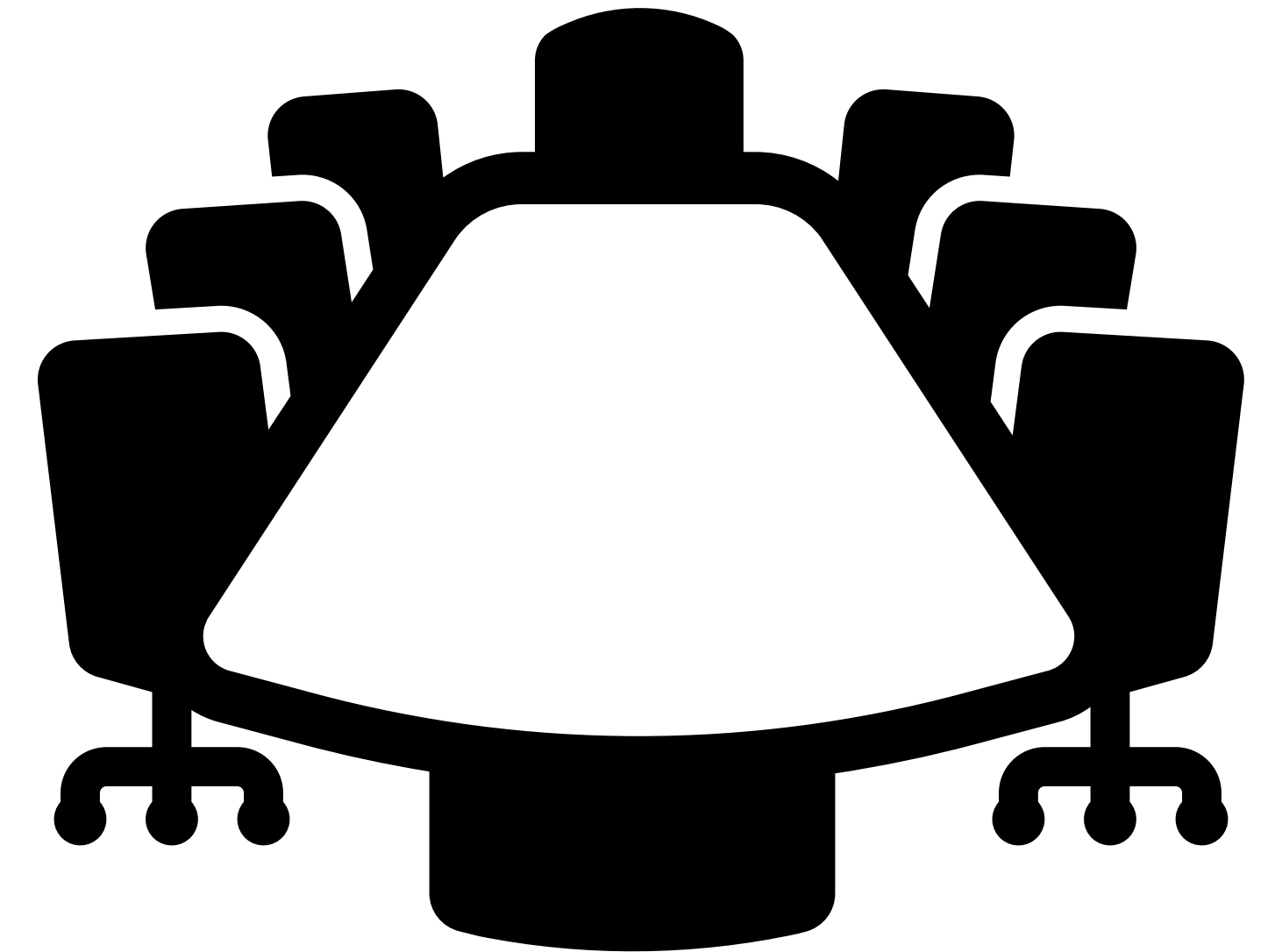


Part 1

Program activation: The New Zealand experience

Governance and communications – The Client Advisory Group (CAG)

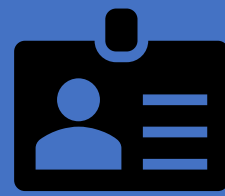
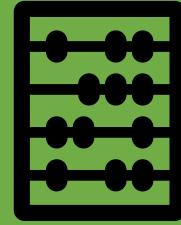

- The customer perspective
- Different types of customer
 - Complexity
 - Size
 - Location
 - Niche
- Involved and invested
- Guests/experts
 - Actuaries/loss modelers
 - Insurance specialists
 - Risk management specialists
- Under promise/over deliver





Part 1

Program activation: The New Zealand experience

Corporate services support

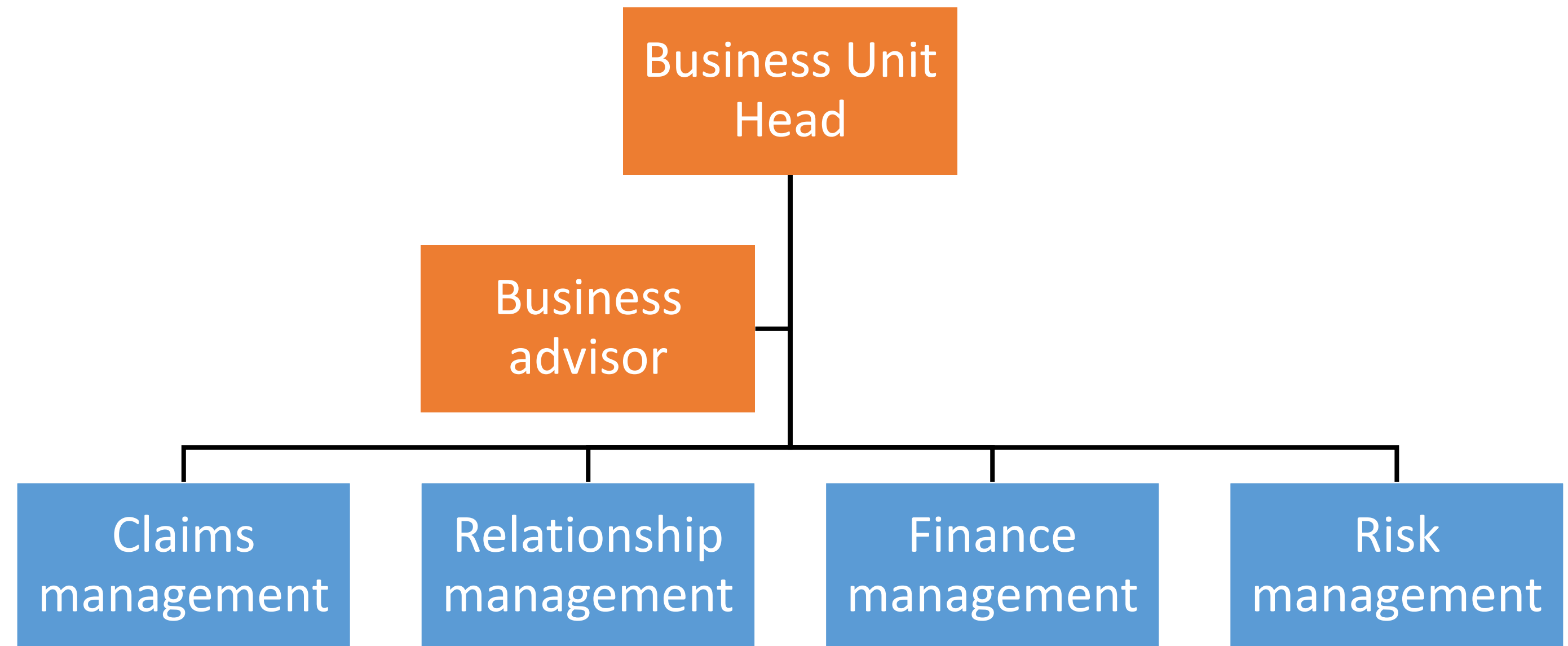
People and capability 	Finance 	Corporate 
<ul style="list-style-type: none">• Recruitment• Organization structure• Delegations• Job descriptions	<ul style="list-style-type: none">• Establish cost centers• Appropriation• Business reporting• Performance measures• Allocations	<ul style="list-style-type: none">• Property (accommodation)• ICT (BAU/Bespoke)• Legal• Ministerial services• Risk & Assurance• Procurement

Communications 	Project Management 
<ul style="list-style-type: none">• Branding• Internal and external audiences• Channels (digital/face to face/written)	<ul style="list-style-type: none">• Program management office• Specialist resource and advice• Monitoring and reporting

Part 1

Program activation: The New Zealand experience

Recruitment



Operational FTE on boarding	Year 1			Year 2						
Positions to be resourced	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
<ul style="list-style-type: none"> • General Manager/Director • Administrative Staff • Team Leadership Managers • Claims Management Staff • Relationship Management Staff • Finance Management Staff • Risk Management staff 	10%	30%	30%	40%	70%	90%	100%	100%	100%	BAU

Part 1

Program activation: The New Zealand experience

Member on-boarding selection

Key initial selection considerations – setting the solution up for success

- Asset type (primarily office buildings at the outset)
- Geographic location (spread of risk)
- Risk and asset management practices
- Availability of data
- Position in government



As the solution develops larger economies of scale, it can afford to include niche risk exposures without unduly influencing the aggregate risk profile and price settings.

Part 1

Program activation: The New Zealand experience

Member on-boarding process

Agency viability pre-assessment
(Desk assessment)

Agency viability formal assessment
(Data review and analysis) –
Decision point

Induction – training, placement
and invoicing

Confirmation – payment tracking,
evidence of cover

Client engagement - Lessons learnt

Kaavya Ashok Krishna

Training and Knowledge Lead, World Bank Group

Client
management

TBC

Part 1

Summary Program activation

Program Activation Checklist

- Governance
- Communications
- Recruitment
- Training
- Corporate services support
- Procurement
- IT systems
- Onboarding
- Risk financing



POLL
(1)

What are the key challenges your country has in activating an insurance program? (select all that apply)

- Obtaining appropriate risk financing
- Establishing the right governance structure
- Recruitment and training
- Corporate services support
- Procurement of private sector expertise
- IT systems and data gathering

Part 2 – Program renewal

Rob Antich

Former Australian Government official

Consultant, Crisis and Disaster Risk Finance, World Bank

Part 2

Program renewal

Program Renewal Checklist

- Governance
- Communications
- Recruitment
- Corporate services support
- Procurement & contract management
- IT systems
- Data
- Member management
- (On-boarding, engagement & training)
- Risk financing/program management
- Financial management
- Claims
- Risk management

Part 2

Program renewal:

Comcover governance



Comcover Governance

Internal governance

- Quarterly review by Department of Finance Audit & Risk Committee
- Regular senior management review
- Quarterly meetings of Advisory Council (Clients & advisors) (1998-2014)

External audits

- Quarterly actuarial review by contractors

Government review

- Monthly meetings with Ministers
- Ad hoc reports
- Government sponsored independent review of the program's objectives, roles, functions and performance every 3-4 years

Parliamentary scrutiny

- Parliamentary scrutiny of program performance
 - Annual reports tabled in Parliament
 - Regular attendance before Parliamentary committees
 - Auditor-General review of financial reports and occasional audits

Part 2

Program renewal:

Comcover communications



Vision: To deliver communications to support Comcover's role



Scope: Minister, Fund members, Internal (Comcover and Finance) communication, Service providers



Principles: Targeted, Accessible, Timely, Consistent & Coordinated



Key messages: The role of Comcover — why we exist and what we do; Services and support available to fund members:

- Policy advice
- Premium renewal, premium allocation
- Claims management
- Risk management services
- Events
- Education & information resources

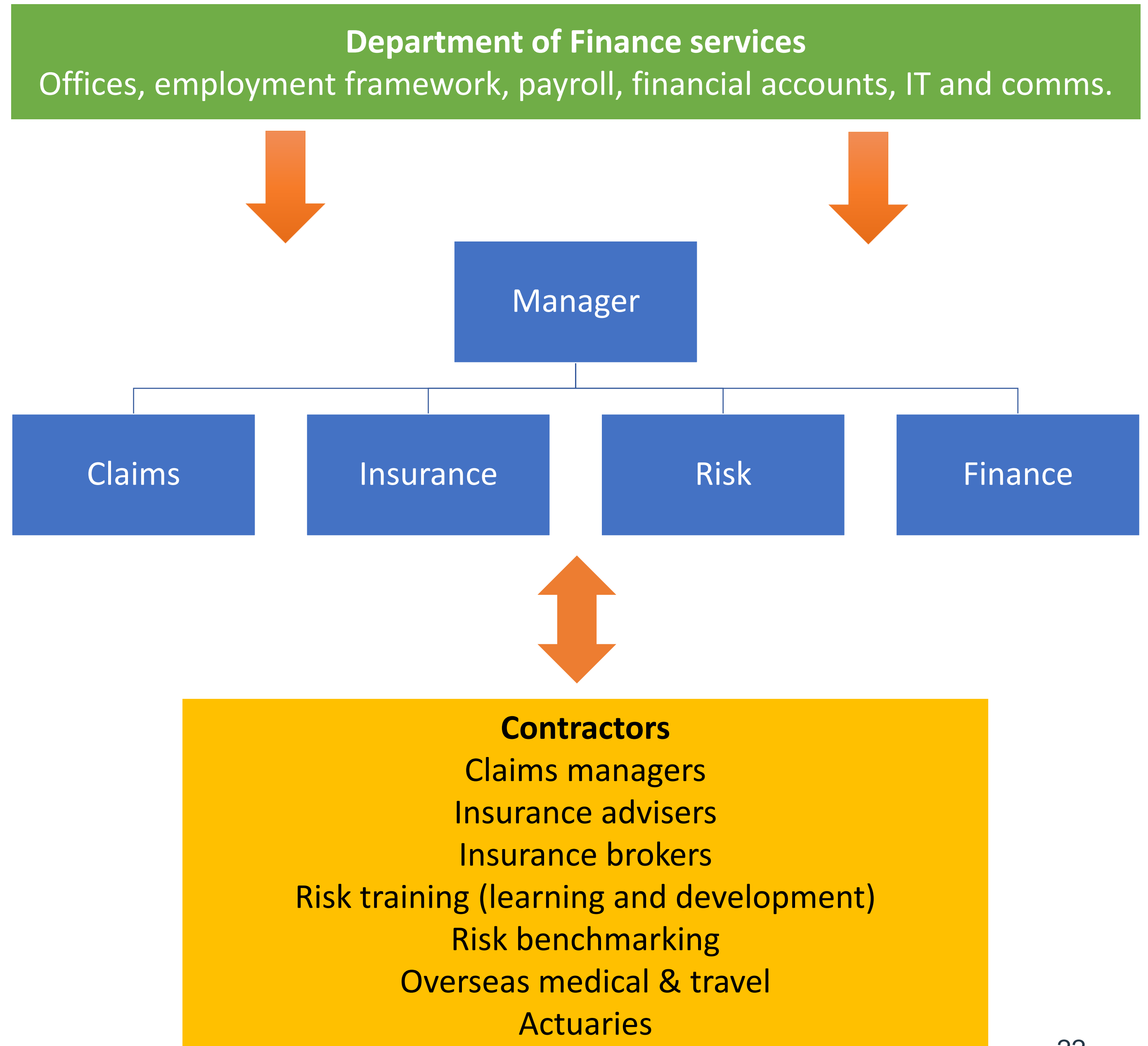


Communication channels/systems/tools: Website; Comcover (on-line) Learning Centre; Emails and letters; Quarterly newsletter

Part 2

Program renewal:

Comcover resources (corporate & contractors)

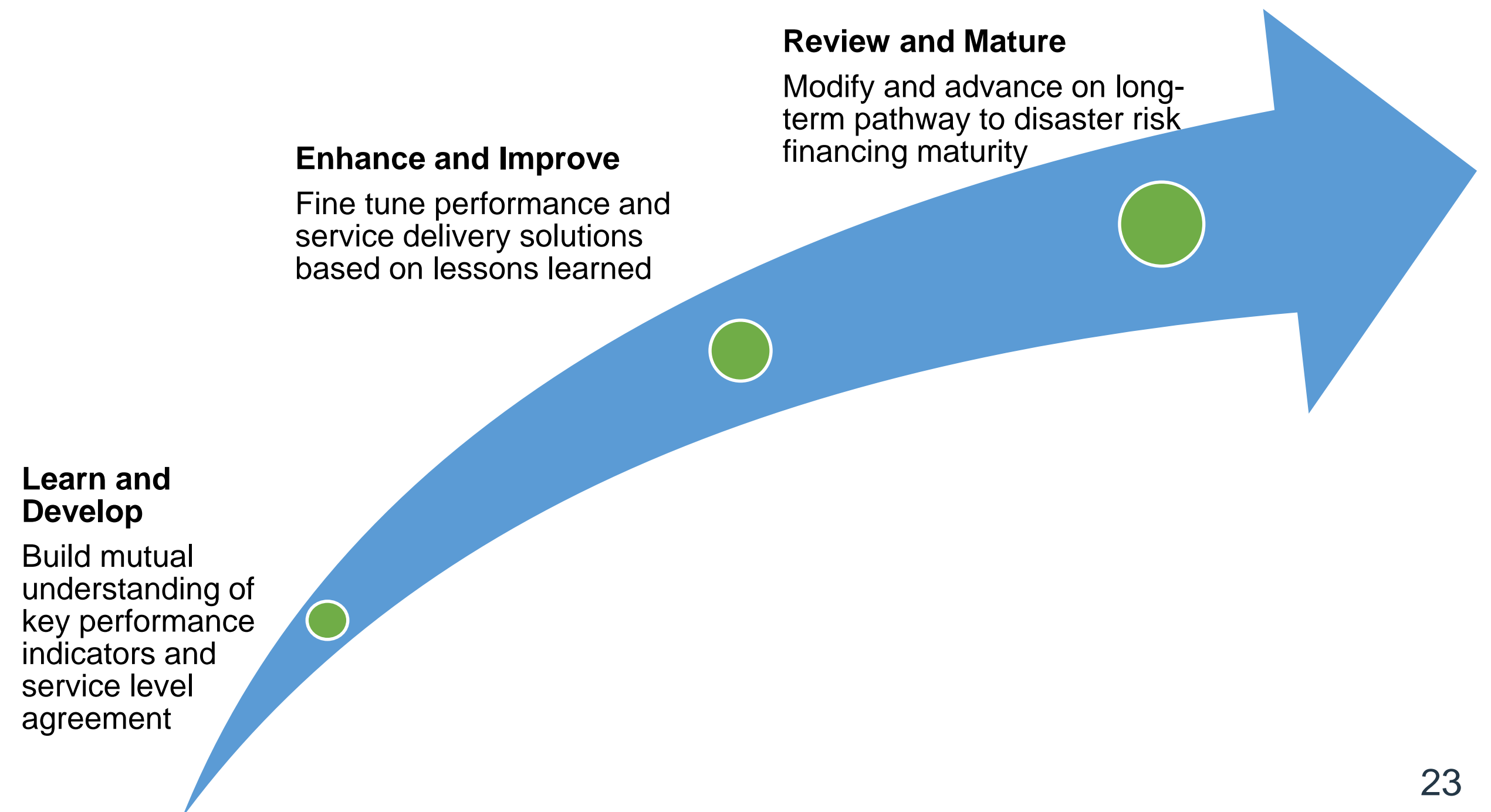


Part 2

Program renewal:

Comcover procurement

- Consistency with government procurement rules
- Contract:
 - Length of contract: 3+1 (competition vs. loss of continuity and knowledge)
 - Contractors: consortium or separate contracts, clarify contract responsibility & KPIs
 - Regular monitoring: quarterly meetings & reviews
- Build a **productive** working relationship



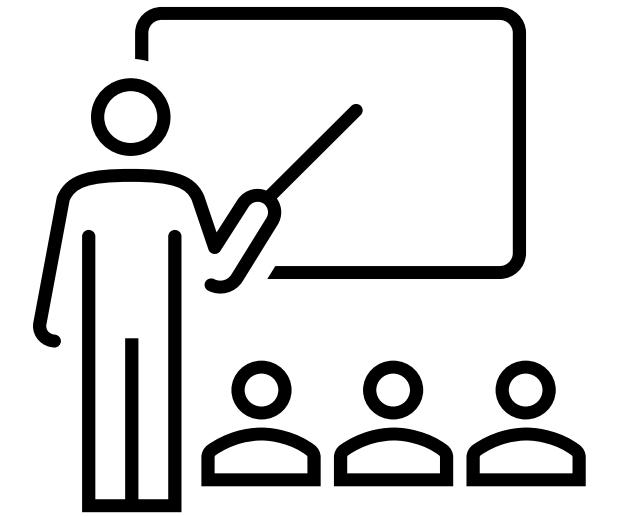
Part 2

Program renewal:

Comcover risk management

Risk management

- Ongoing activity
- Linked to Government Risk Management Policy
- Extensive training to build risk management maturity across the public service:
 - ✓ **Foundation level:** All Commonwealth officials are required to understand basic risk management concepts.
 - ✓ **Generalist level:** Commonwealth officials whose role requires them to engage with and apply their entity's risk management framework
 - ✓ **Specialist level:** Job role specialists who are required to design, implement and embed an entity's risk management framework.
 - ✓ **Professional Development Program:** Senior Executives whose role requires them to identify and determine the acceptable levels of risk for their organisation.



Claims management from the insured perspectives

Djoko Trenggono

Former COO of a General Insurance Company, Indonesia

Claims management from the Insured perspective basically covers *the whole process* of insurance itself

(I) Pre-coverage or Proposal application stage

- Providing data and details of the object /item to be insured.

(II) During the currency of the Insurance Policy

- The type of the insurance policy : '*all risks*' or '*named/specified risks*'
- The type of basis of compensation : '*new for old/replacement/reinstatement basis*' or '*indemnity*'
- Setting up the Sum Insured
- Observance with Policy condition → premium payment
- Alteration or change of the insured item /object.

(III) Claims Process

- Claims notification
- Claims supporting document
- Claims adjustment
- Claims time limit

(I) Pre-coverage or Proposal application stage

- **Complete & answer the questions provided in the proposal form transparently and correctly**, including be open if you have a loss in the past for the property to be insured. If the question is not clear, do not hesitate to ask insurance officer to explain the intention of the question to you. Incomplete or incorrect statements in the proposal form, may give the Insurer the chance to reject your claim based on 'non-disclosure' or 'misrepresentation' basis.
- You may also consider to ask the insurance company to attach an '**Error & Omission Clause**' to your insurance policy to anticipate to the situation that you innocently make misdescription of your insured item.
- If necessary, use the service of a broker company to arrange your insurance coverage.

**(II) During the
currency of the
Insurance Policy**

- 1. To check whether the policy is an “all risks” or a “specified /named risks” policy**
- 2. To check what is the basis of claim settlement : “indemnity” or “new for old’**
- 3. Adequacy of the Sum Insured**
 - Under-insurance situation
- 4. Premium Payment**
 - Delay in premium payment may result in claim rejection.
- 5. Alteration of the Insured Object**
 - Alteration of risk may result in claim rejection.

1. Claims Notification

- Delay in claim notification may result in claim rejection.

2. Claim Supporting Document

- Incomplete claim supporting document may delay or prolong the claim process or result in inadequate claim settlement

3. Claims Adjustment

- Claim adjustment can be challenged if you have strong document/evidence to support your position

4. Claims Time Limit

- Delay in claim follow up may forfeit the claim

- **Provide complete and correct /accurate data & information** (since pre-coverage stage, during the currency of the policy and when providing claims data) since this matter will help you when a claim arises, particularly when you have to challenge the claim adjustment.
- **Follow the policy conditions** (timely payment of premium, timely information of alteration of the insured item, timely claims reporting and time limit of claim follow up) in order to avoid potential claim rejection by the Insurer.
- **Consider to read the policy to understand what kind of policy you have:** ‘all risks’ or ‘specified risk’, what is the basis of claim settlement: ‘new for old’ or ‘indemnity basis’.

Read only these clauses when you have a Sleeping Problem!

Error and Omission Clause

It is agreed that the Insured shall not be prejudiced by unintentional and/or inadvertent omission, error, incorrect valuation or incorrect description of the interest risk or property provided notice is given to the company as soon as practicable upon discovery of such error or omission.

Alteration Clause

Notwithstanding anything contained in the printed conditions of the policy to the contrary, it is understood and agreed that this insurance shall not be prejudiced in the event of any alterations being made either in the business or the premises or property therein, whereby the risk of damage is increased, provided that notice of such alterations be given to the Insurers within sixty (60) days of the commencement of such alteration and additional premium paid, if required from the date of such alteration.

Average Relief Clause

Whenever a sum insured is declared to be subject to the special condition of average, then if such sum insured shall be at the breaking out of any fire or at the commencement of any destruction of or damage to the property by any other peril hereby insured against, be less than 85% of the value of the property insured in that amount the Insured shall be considered as being his own insurer for the difference between the sum insured and the full value of the property insured at the time of the fire or at the commencement of such destruction or damage and shall bear a rateable share of the loss accordingly.

TERIMA KASIH
THANK YOU

Part 2

Program renewal

Summary

Program Renewal Checklist

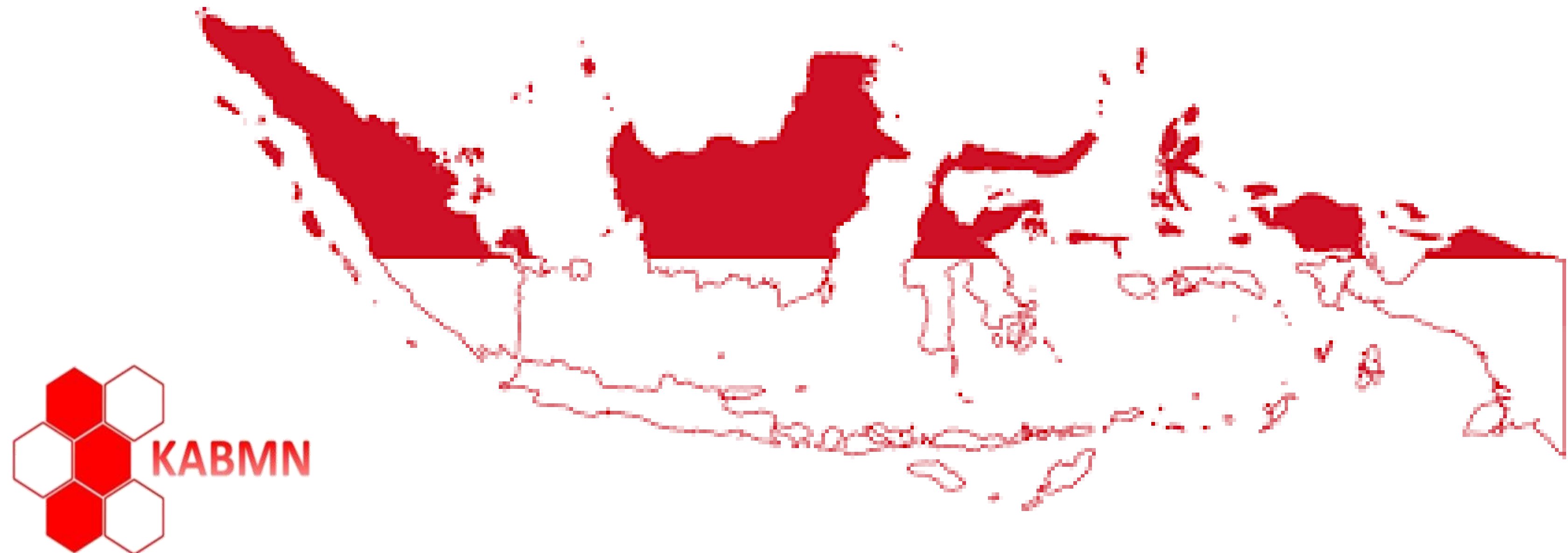
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- Financial management
- Claims
- Risk management

Perspectives from the private sector

Ika Dwinita Sofa

Group Head of Strategic Management,
PT. Asuransi Jasa Indonesia

Implementation of State Assets Insurance in Indonesia



Policy background

- Government Regulation number 27 year 2014 regarding state/ regional assets management
- Ministry of Finance Regulation number 97/PMK.06/2019 regarding Public Assets Insuring Mechanism - notable points:
 - Building directly related to public service
 - Adopting insurance mechanism

Policy background

- Requiring the establishment of an insurance consortium to:
 - Utilize national capacity
 - Develop a national program
 - Obtaining best Terms and Conditions and Tariff
 - Ensure healthy mechanism in the insurance industry
 - Minimize procurement complexity
 - Support the implementation of state assets management best practice through the involvement of insurance practice.
 - Expedite the reconstruction of the affected state assets.
- Other benefit: Protect the government's budget from unexpected shocks

Responses from Stakeholders



- Positive response for the program and the Consortium form
- Provide assistance in:
 - developing T&Cs and policy wording with the most comprehensive cover possible
 - selecting and initiate the formation of the Consortium
 - Technical support prior to the formation



Insurance Industry capacity commitment



- Providing regulatory framework
- Advising minimum criteria set in the consortium member
- Supervising and becoming the counterpart in the discussion to ensure tariff adequacy
- Product licensing



**MINISTRY OF FINANCE
REPUBLIC OF INDONESIA**



Various Ministries/ State Institution as assets users and managers



The Birth of State Assets Insurance Consortium



Formed on the 1st of August, 2019 in Jakarta

Konsorsium Asuransi Barang Milik Negara (KABMN)/ State Assets Insurance Consortium is the single platform of 56 national insurance and reinsurance companies to provide joint capacity to establish the insuring mechanism for state assets.

Objectives:

1. To manage and conduct insurance process and capacity management to ensure quality of protection both for the state and the industry.
2. To gather professional capabilities, experiences, ideas and information sharing amongst consortium member
3. To unite larger capacity and learning process to perform the next phase of state assets insurance.

- **Policy used:** Polis Standar Asuransi Barang Milik Negara AAUI/ 2019
- ABMN product was authorised by OJK with registration number S.4284/NB.111/2019 dated 1 October 2019

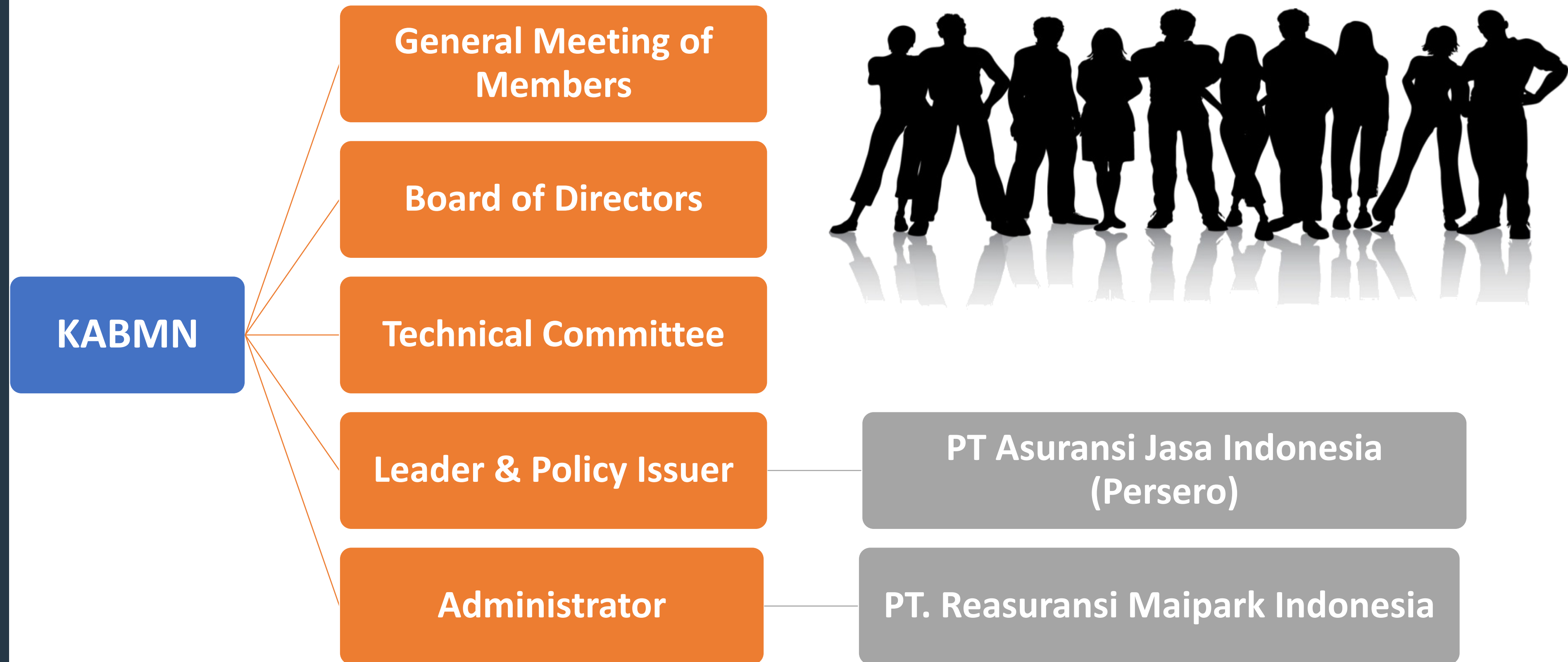
Private sector perspectives

The Birth of State Assets Insurance Consortium

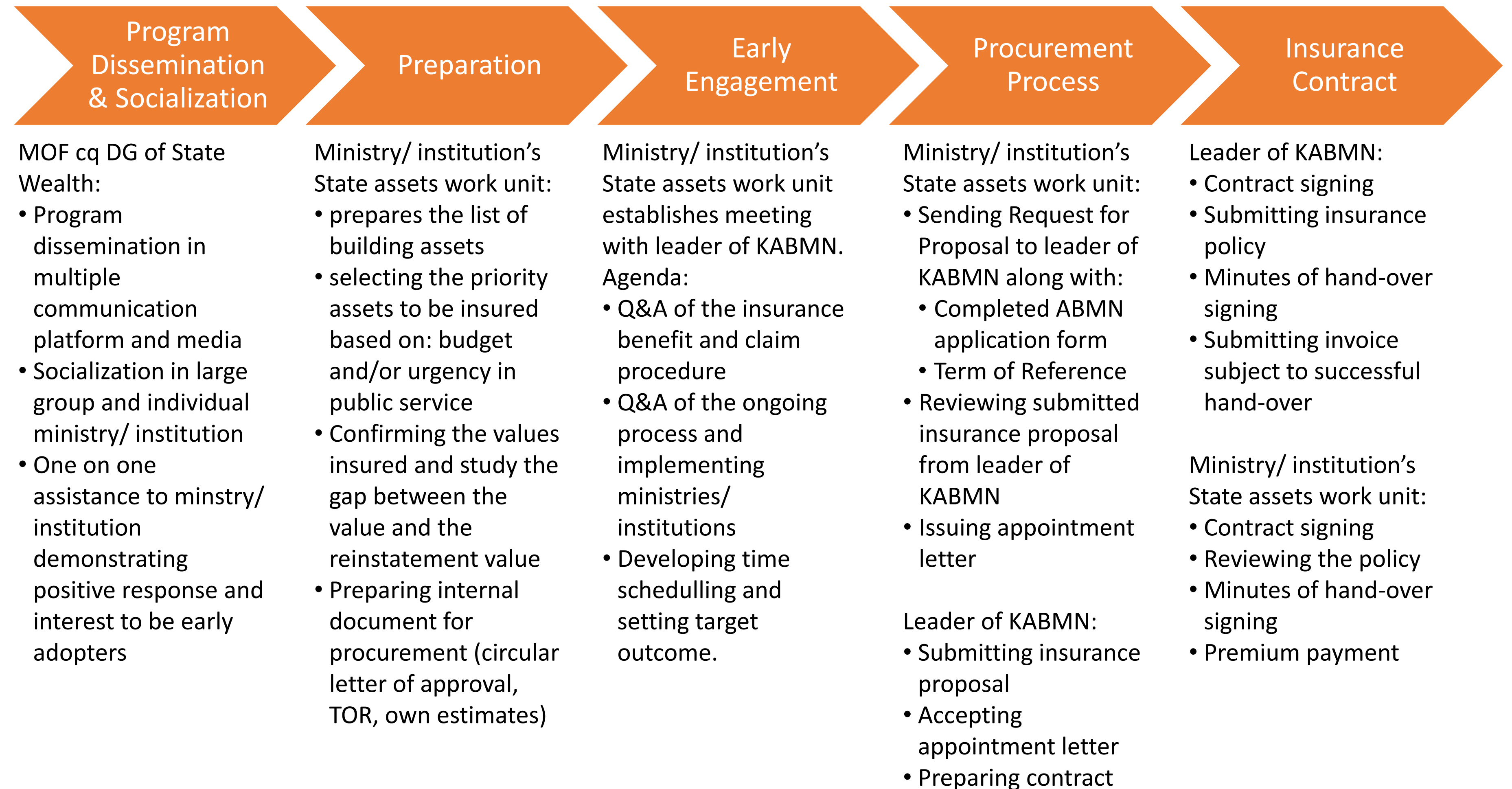


56 of 71 insurance company and 5 reinsurance company forming Public Assets Insurance Consortium

Consortium Organizational Structure



Schematic process of insurance



Opportunities and Challenges

Opportunities

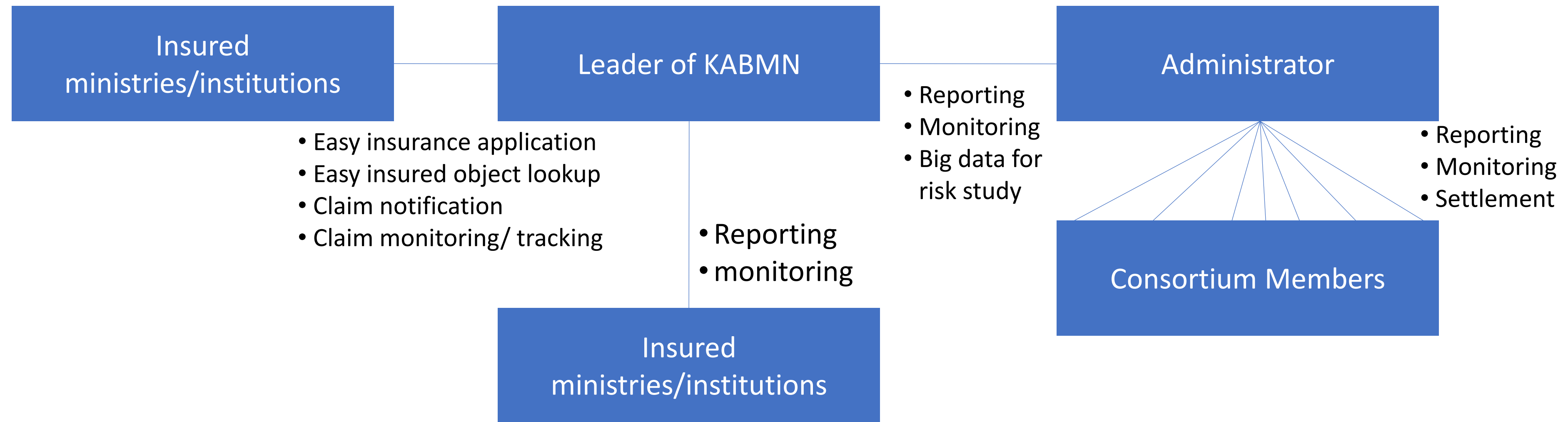
- Future project
- Shared learning platform
- Collaborative actions

Challenges

- Under-insured value
- Over-expectation
- Risk accumulation
- Insurance capacity building needed

Near Future Development

Developing IT Platform that connects:



- Web-based
- User access
- Information platform
- Collaboration platform

Private sector
perspectives

THANK YOU!

Questions and Answers



**USE THE Q&A
FUNCTION**

Thank you



SEADRIF

SOUTHEAST ASIA
DISASTER RISK INSURANCE FACILITY



An ASEAN+3 Initiative
In partnership with The World Bank

Disaster Risk Financing
& Insurance Program

