

## Press release

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# TYPHOON HAIYAN LOSSES TRIGGER MAJOR NEW PROPOSAL ON CATASTROPHE INSURANCE FOR THE PHILIPPINES

**20 January 2014, GENEVA** – The United Nations Office for Disaster Risk Reduction (UNISDR) has teamed up with the global insurance industry to propose a major new approach to catastrophe risk financing for the Philippines in advance of this year’s typhoon season as the country continues to deal with the economic fall-out of \$13 billion in losses from Typhoon Haiyan/ Yolanda.

The Head of UNISDR, Margareta Wahlström, said today: “The Philippines is hit by over 20 typhoons every year. What is needed is a simple scheme which will provide valuable protection to people and municipalities before the next typhoon season. In order to be successful it will require mandatory take-up by local government units but it will make them masters of their own destiny when it comes to responding to relief and recovery needs in the wake of a major disaster event.”

The catastrophe scheme developed by global insurance giants Willis Re and Munich Re will be presented tomorrow in Manila at a High Level Forum on Strengthening Disaster Risk Insurance in the Philippines. The Philippines Risk and Insurance Scheme for Municipalities (PRISM) is a fast track way of providing budgetary support in the aftermath of a major natural disaster.

Rowan Douglas, CEO Capital, Science and Policy Practice, Willis Group, explained: “Contrary to traditional insurance the payment of claims is not based on actual losses but on a pre-agreed amount when a specific trigger is met. For example, insurance will be paid out in the event of rainfall exceeding a certain amount, or wind speed exceeding a certain threshold.” Mr. Douglas is a member of the UNISDR Private Sector Advisory Group.

Ernst Rauch, head of the Corporate Climate Centre of Munich Re, said: “These parametric triggers are based on industry standards and can evolve as more information becomes available. Once one trigger has been exceeded a payment will be made through the scheme manager to the local government unit and this can be used for rescue, relief, recovery or re-building depending on needs assessments. It can become a key part of broader national catastrophe risk management programme. Cover can be adjusted to reward disaster risk reduction efforts undertaken by municipalities.”

Economic losses in the Philippines are part of an upward global trend. According to the UN Secretary General, Ban Ki-moon, economic losses from disasters are “out of control.”

**About UNISDR:** UNISDR is the UN office dedicated to disaster risk reduction. It is led by the Special Representative of the Secretary-General for Disaster Risk Reduction and supports implementation of the *Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters* which seeks “the substantial reduction of disaster losses, in lives and in the social, economic and environmental assets of communities and countries.”