



Regional training workshop

Role of the NMHSs in support of DRR-related activities in the field of insurance

13 - 14 October 2014, Ankara, Turkey

1. Introduction

In the framework of the IPA/2012/290552 multibeneficiary project “Building Resilience to Disasters in Western Balkans and Turkey”, a workshop on the role of NMHSS in support of DRR-related activities in the field of insurance was held on 13 – 14 October 2014 in Ankara, Turkey.

The overall objective of the project is to reduce vulnerability of IPA beneficiary countries to disasters caused by natural hazards in line with the Hyogo Framework for Action and increase their resilience to climate change. The direct beneficiaries are the national authorities in charge of the disaster risk reduction and disaster risk management and the National Meteorological and Hydrological Services (NMHSs) of Albania, Bosnia and Herzegovina, Croatia, Montenegro, Serbia, Kosovo*, the former Yugoslav Republic of Macedonia and Turkey.

2. Activities

There were 37 participants in the workshop, representing the IPA Project beneficiaries, the invited lecturers and the representatives of UNISDR and WMO, as the project implementing agencies. The list of participants is attached as Annex II.

Session II-Introduction

Presentation was delivered on disaster risk transfer, sharing the experience of the UNISDR activities. The participants learned on the future framework of the Hyogo Framework for Action whose five private sectors visions are:

- Strong public private partnerships drive DRR and resilience at the local and at the national level;
- Resilience in the built environment is driven by public sector setting adequate minimum standards, and creating an enabling environment to exceeding them, and the private sector voluntarily;
- All financial investment decisions, public and private, become risk-sensitive;
- Resilience-sensitive public and resilience-sensitive business drive each other towards resilient societies;
- Identification and disclosure of risks carried and their proactive management becomes a standard business practice.

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The presentation highlighted a series of partnership based projects in South America showing the benefits of collaboration with public and private sector (e.g. AXA, Munich Re and Swiss Re) to provide the disaster risk protection. An example is the Munich Climate Insurance Initiative to provide a weather-index policy.

Presentation was given on hydrometeorological services to insurance sector. It was highlighted that while reported deaths due to disasters related to weather, water and climate related hazards have only slightly increased since 1970, economic losses have increased significantly.

Four thematic WMO DRR Programme Expert Advisory Groups (EAGs) were presented. They include:

- Expert Advisory Group on Hazard/Risk Analysis (UI-EAG-HRA);
- Expert Advisory Group on Multi-Hazard Early Warning Systems (UI-EAG-MHEWS);
- Expert Advisory Group on Climate Services for Disaster Risk Financing (EAG-CSDRF),
- Inter-commission ad hoc Task Team on Meteorological, Hydrological and Climate Services for Improved Humanitarian Planning and Response.

The EAGs involve leading experts from the diverse DRR user community (public and private sectors), UN and international partner agencies, academia as well as NMHSs. They were established to (i) Guide documentation of good practices and development of user needs and requirements for products and services to support thematic areas in DRR decision making, (ii) support development of and provide feedback on the WMO DRR knowledge products; as well as to support the implementation of the DRR Work Plan.

The EAG on Climate Services for Disaster Risk Financing (EAG-CSDRF) focuses on the development of requirements for climate services for disaster risk financing such as ex-ante and post-disaster government funding mechanisms, insurance and external development funding. In its first meeting in 2011, the EAG concluded that there are significant gaps in the provision of weather, water and climate related products and services to the insurance sector, such as: need for training of the stakeholders in the financial sector (public and private) on the scientific understanding and technical developments with forecasting and analyzing changing patterns of extreme events linked to climate variability and change and related impacts.

There is a need for historical meteorological and hydrological data extending to 30 years or greater. It was emphasized that in many countries especially least developed and developing countries there is a significant need for data rescue and quality management programmes.

Access to timely weather and water data and information during the insurance contract period would be critical for portfolio management and contract settlement. It was expressed that in many countries the time to obtain meteorological data is often too long to manage portfolios and settle contracts.

Need for modeling, meteorological forecasts (0 – 14 days) and climate model outputs (with up to one year timeframe) are fundamental for the design, development of insurance contracts, claims adjustments and settlements. There is a need for customized model outputs, analysis and various scenarios with confidence levels to service the insurance sector. There is also a need for documentation of good practices and lessons learned from NMHS and regional centers that are servicing these markets (from both the user and provider perspectives).

Session III-Review of existing good practices

Best practices of the NMHSs in provision of information and services to the insurance sector were presented that could be considered examples to follow in building the public private partnerships.

Expert from the Finnish Meteorological Institute (FMI) shared the experience of FMI in delivering data and services to the customers in the insurance field. Most of threshold values come from insurance companies, which have indemnities for the weather related disasters.

The experience of the Republic Hydrometeorological Service of Serbia in delivering hydrometeorological services to insurance sector was shared. The presentation included an

introduction to the natural hazards in the sub-region and the recent catastrophic disasters caused by the floods in May 2014, with an estimated damage of 1.7 billion Euros (in Serbia only).

The partnership with the insurance company, which has been established, has a win-win impact and gives more opportunities to the NMHS for the future business.

Expert from the UK Met Office shared the experience on the NMHS services to insurance sector. The presentation delivered the following key messages:

- Take time to really understand all the functions in an insurance company related to aggregate risk management, local risk pricing and extreme event management;
- NMHS can supply products and services for all of these needs. If they are good enough, they have commercial value and should not be undersold;
- The commercial approach is not difficult or expensive. It is possible to partner with industry such as GIS platform providers or reinsurance brokers, in return for revenue sharing.

Presentation was delivered on insurance activities in the Turkish State Meteorological Service (TSMS) that produces hazard maps, impact maps, seasonal and long-term forecasting maps, impact reports and other type of relevant info for all economic sectors and the insurance companies. The info is also being archived in the database of TSMS. Turkey also contributes to the Knowledge Management System for Disaster Risk Reduction that enables and sustains informed decision-making for managing disaster risk and is essential for coordinated action.

Session IV-Review of user requirements of the insurance sector

Representative of TARSIM Agricultural Insurance Pool (Turkey) delivered a presentation on agricultural insurance system in Turkey and importance of meteorological data. Agricultural insurance system is seen as the best tool to manage the agricultural risks. The partnership between government and private sector is based on the legal framework.

Representative of Generali Osiguranje Srbija (the second-largest insurance provider in Serbia) provided a short overview of the role of Republic Hydrometeorological Service of Serbia in the product development process of Generali Insurance in Serbia, depending on the type of hazard/disaster, though 90% of insurance is in case of hail damage, the territory of Serbia is heavily affected by droughts, therefore Generali Osiguranje Srbija cooperates with the Republic Hydrometeorological Service of Serbia within several research projects, in particular the ones related to drought.

3. Conclusions

The following conclusions and recommendations arose as result of the discussions:

- NHMS provide information and data to the insurance companies, more research and funds are needed to assess what information and services can be offered in the future (impact and hazards maps, historical data etc.);
- Crucial question what can NMHSs provide depends on the development of the Service (for example availability of data and hazard maps). For this also data sharing between the national institutions and common methodologies for hazard analysis are important;
- Further development/application of climate forecasting technologies is needed (seasonal, multiannual, decadal) to improve sectoral planning for DRR, including insurance sector. Research and development of climate related information and decision tools for DRR/risk transfer mechanisms is necessary;
- NMHSs should start the communication with the insurance and reinsurance companies leading to a possible collaboration. Development of guidelines to start the communication with the insurance sector for the future collaboration is needed;
- Governments have important role to play in ensuring that insurance services related to natural disasters are available and affordable;

- The insurance awareness needs to be improved;
- Cooperation between the international organizations (WMO and UNISDR) and the NMHSs should be strengthened in the future in the field of insurance. Discussions should include also the other governmental agencies and private sector;
- The way forward could be to conduct a meeting between the NMHS and the insurance sector. Mediator (WMO, UNISDR or an NMHS experienced in this matter) could be invited to the meeting to facilitate the discussions and find out a common vision for a mutual benefit;
- The countries could conduct a feasibility study, the results of which could be used as basis for the communication among all stakeholders. An example is Turkey where such feasibility study was conducted with the support of the World Bank to show the government the benefit of the partnership with the insurance sector. Increased investments in observations, data rescue programmes and statistical analyses of hazards.

LIST OF PARTICIPANTS

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PROGRAMME

Time	Item	Speaker
DAY 1, 13th October		
12:30 - 13:30	<i>Registration</i>	
13:30 - 14:00	Session I: Opening	
	Welcome, introduction of participants Objectives and working arrangements	Hayreddin Bacanli, Head of Research Department, State Meteorological Service of Turkey Ivan Cacic, President RA VI Milan Dacic, Chief of the Regional Office for Europe, WMO
14:00 - 15:00	Session II: Introduction	
	Disaster risk transfer – UNISDR activities Hydrometeorological services to insurance sector - introduction	Kiki Rebecca Lawal, Programme Office, UNISDR James Douris, Project Officer, WMO
15:00 – 15:30	<i>Coffee</i>	
15:30 – 17:30	Session III: Review of existing good practices	
	Finland - FMI's Weather Services for Insurance Sector Agricultural insurance system in Turkey and importance of meteorological data Serbia - Hydrometeorological Services for Insurance Sector in Serbia NMHSs services to the insurance industry	Janne Miettinen, Account Manager, Finnish Meteorological Institute Necati İÇER, TARSIM (Agricultural Insurance Pool) Jugoslav Nikolic, Permanent Representative of Serbia with the WMO, Republic Hydrometeorological Service Nick Moody, Marketing Manager, UK Met office
17:30	Closure of Day 1	

DAY 2, 14 th October		
09:00 - 10:00	Session III: Continued	
	UNISDR activities in the field of insurance	Paola Albrito, Head of Regional Office for Europe, UNISDR
	Turkey - Insurance Activities in TSMS	Abdullah Ceylan, Acting Director, State Meteorological Service of Turkey
10:00 - 10:30	<i>Coffee</i>	
10:30 - 11:00	Session IV: Review of user requirements of the insurance sector	
	Cooperation of RHMSS and GOS - Role of RHMSS in support of Generali Insurance Serbia product development process	Zlata Dimic, Director of development of non-life insurance products, Generali Osiguranje Srbija
11:00 - 12:30	Session V: Discussion and Closing	
	Round-table discussion, conclusions and recommendations	Milan Dacic, Chief of the Regional Office for Europe, WMO