



Preliminary Report for Pre-Event of the 3rd National Platform for Disaster Risk Reduction (NPDRR-3)



Risk Financing and Insurance for Disaster Risk Mitigation and Building Climate Risk Resilience

20-21 February 2023 | Mumbai, Maharashtra

Organized by:



**NATIONAL
INSURANCE
ACADEMY**

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Background

The Climate risk's increased exposure to natural catastrophes has a disastrous effect on every aspect of our economy. The cost of disasters has nearly doubled over the past five years, and the annual loss over the past ten years has already surpassed US\$230 billion globally. While just 7% of losses in India are insured, there is a 93% protection gap in property insurance due to this. With a density of \$90 and a penetration rate of only 4.2%, insurance hasn't been widely used in disaster risk reduction. Also, the exponential growth of cities, especially tier-2 and tier-3 cities, as a result of an increase in rural-to-urban migration, would greatly enhance the disaster risk exposures and place an enormous financial burden on the government and community. This necessitates looking into novel risk-transfer strategies through simplified products & services with affordable premiums which would improve the insurance penetration to the economically vulnerable section of our population.

A disaster management cycle consists of– prevention, preparedness, response, mitigation, recovery, and reconstruction. Insurance can play an effective role in preparedness and recovery. Insurance has a significant role in managing the risk of disaster. Insurance covers ensure that the population is financially protected in the event of a disaster. While insurance is an important financial tool for post-disaster recovery, it can play a role in disaster risk reduction as well.

Realizing the importance of this subject and community climate risk-building objectives, the National Insurance Academy in collaboration with the National Institute of Disaster Management organized a pre-event workshop on the topic of "Innovative Risk Transfer for building climate risk resilience" at Hotel President, Cuffe Parade, Mumbai, on February 21, 2023.

Key Takeaways/ Findings

1. Climate risk has been globally accepted as a major challenge. The adverse consequences of environmental issues are well known- monsoon patterns have changed, rising sea levels, the Himalayas melting, and adverse weather events. Globally the disasters are increasing. Every state is vulnerable to flooding; hence disaster is a serious problem in India. There are areas where people can never recover economically because they are hit by disasters so frequently.
2. Currently, the insurance protection gap in disaster risks is very high at over 90% and the insurance penetration (4.2%) and the insurance density (\$90) are quite low as compared to the global average of 7% and the global average of \$874 (Swiss Re, 2022)
3. The frequency of weather-related perils (Storms, Cyclones, Floods) has increased significantly in recent times. For instance, Floods in Mumbai and Gujarat in 2005 contributed to an economic loss of \$5.6 billion. The Uttarakhand flash floods in 2013 and the Kashmir floods in 2014 had the highest loss of \$17.1 billion. The Chennai floods in 2015 - \$6.1 billion and Kerala Floods in 2018 caused around \$10 billion (CWC, 2018; Government of Kerala, 2018).
4. These natural disasters cause a substantial financial liability to the government by way of immediate mitigation response, rescue & relief measures, and rebuilding the property and critical infrastructure, but also causes a considerable protection gap and fiscal deficit to the State and Central Governments.
5. Government has been playing an important role in rehabilitation and recovery. Good risk financing is still a need. As the SDRF fund is inadequate in most of the states, there is a need for building an ex-ante disaster risk pool for the mitigation of disaster risks in India.
6. As insurance penetration is quite lower in the country, we need to come out with a simple natural catastrophe insurance with an affordable premium. Can simple parametric Nat Cat products be provided to everyone at a very affordable cost. Innovative distribution strategies. It should be a pre-underwritten policy. Mechanisms of faster claim servicing need to be developed by the

insurers. Government can subsidize the premium for the economically weaker section of the population.

7. We need to have a comprehensive risk transfer mechanism in such a way that both the victims and the state would benefit from such protection measures. Such risk transfer mechanisms should include risk reduction and mitigation measures at various levels – individuals, communities, organizations, and governments- which can help the state build optimum resilience.
8. Insurance industry needs to work with corporates to ensure a better construction of integral infrastructure that is less vulnerable. Building codes need reforms. Sensitization about water management in dams and reservoirs.
9. Risk management for individuals can be done by providing incentives. Reinsurance and alternative risk transfer mechanism need to be looked into to augment the insurance capacity to protect against high-severity catastrophe events.
10. Mitigation measures for climate risk- Spreading awareness through education and training, Building CAT modeling tools to include changing risk landscape, availing insurance, Reducing Carbon emission, Adapting to renewable energy, and Stricter regulations for a sustainable future.
11. Reinsurers can play an important role in this process by helping to quantify and manage the risks associated with climate change, and by providing the necessary financial backing to develop and implement effective risk management solutions.
12. Brokers and other intermediaries play an important role in educating customers about the need for disaster risk protection, and customization of product offerings, helping in underwriting complex policies with effective and appropriate risk reduction measures and risk financing solutions.
13. There is a need to create a disaster risk pool at the regional level with appropriate insurance and reinsurance protections as the disaster risk profile of each region are different.

Annexures

Annexure 1 – Agenda

Day-1 (February 20, 2023)

09.00 am – 09.45 am	Registration of Delegates
10.00 am - 11.15 am	Inaugural Function
Opening Remarks	Mr. G Srinivasan, Director, NIA
Special Address	Mr. Hadi Riachi, CEO, Swiss Re, India Branch
Special Address	Mr. Satyajit Tripathy, CMD, United India Insurance Company
Presidential Address	Mr. Devesh Srivastava, CMD, GIC Re
Keynote Address	Mr. Saurabh Mishra, Joint Secretary, DFS, MoF, Govt. of India
Vote of Thanks	Mr. Renjit Gangadharan, Chair Professor (Non-Life), NIA
11.15 am - 11.45 am	Tea Break
11.45 am - 01.00 pm	Panel Discussion: Innovative Risk Mitigation Strategies for Combating Climate Risks
Mr. G Srinivasan (Moderator), Director, NIA Mr. Hadi Riachi, CEO, Swiss Re, India Branch Mr. Neelesh Garg, CEO, Tata AIG General Insurance Company Ms. Girija Subramanian, CMD, Agriculture Insurance Company of India Mr. Sanjay Kedia, Country Head and CEO, Marsh India Insurance Brokers	
01.00 pm – 02:00 pm	Lunch Break
02.00 pm – 03.15 pm	Presentations
<ul style="list-style-type: none">• Climate Risk and its Implications on Insurance Business Dr. Chandan Banerjee, Natural Catastrophe Economist, Swiss Re GBS India• Role of Reinsurance in Climate Risk Mitigation Mrs. Madhulika Bhaskar, GM, GIC Re• Role of Life Insurers in Mitigating Climate Risk Mr. R Sudhakar, ED Marketing, LIC of India• ESG Implications on Insurance Business Mr. Anand Pejaware, Deputy MD, SBI General Insurance Company• Role of Government in Building Climate Risk Resilience Prof. Santosh Kumar, Head, GIDRR & DRR Divisions, NIDM	
03.15 pm – 03.30 pm	Tea Break
03.30 pm – 04.45 pm	Panel Discussion: Tech-based Risk Solutions for Climate Risk Mitigation
Dr. Murari Lal (Moderator), Climate Change Practice Head, RMSI Mr. Sudhir Khare, Head – Property Underwriter, Tata AIG Mr. Mangesh Patankar, Senior Market Underwriter, Swiss Re Dr. Praveen Sandri, MD & Executive Vice President, Verisk Dr. C D Murthy, Director, MNCFC, New Delhi	
04.45 pm – 05.00 pm	Vote of Thanks
Dr. Steward Doss, Seminar Coordinator	

Day-2 (February 21, 2023)

10.00 am to 11.00 am

Inauguration

Opening Remarks	Mr. G Srinivasan, Director, NIA
Special Address	Prof. Santosh Kumar, Head, GIDRR & DRR Divisions, NIDM
Special Address	Mr. D V S Ramesh, CGM (Non-Life), IRDAI
Keynote Address	Mr. Rajendra Ratnoo, IAS, ED, NIDM
11.00 am to 11.15 am	Presentation by NIA
11.15 am to 11.30 am	Tea Break
11.30 am to 12.15 pm	Experts Opinion
Ms. Madhulika Baskar, GM, GIC Re	
Mr. Hadi Riachi, CEO, Swiss Re, India Branch	
Mr. Shankar Gargipathy, CEO & Country Manager, Lloyd's India	
Mr. Mihir Vora, Practice Head, Property & Large Risks, ABIBL	
Mr. Dinakaran, DGM, The New India Assurance Co. Ltd.	
12.15 pm to 01.00 pm	Open Forum
01.00 pm onwards	Lunch

Annexure 2 – Snapshots



Annexure 3 – Registration

Sr No	Title	Name of Delegates	Designation
1	Dr.	Santosh Kumar	Head, GIDRR & DRR Division, NIDM
2	Mr.	G. Srinivasan	Director, NIA
3	Mr.	Hadi Riachi	CEO, Swiss Re India Branch
4	Mr.	DVS Ramesh	Chief General Manager (Non-life), IRDAI
5	Ms.	Madhulika Bhaskar	Director & General Manager, GIC Re
6	Mr.	Shankar Garigiparthi	CEO & Country Manager, Lloyd's India
7	Mr.	Mihir Vora	Practice Head, Property & large Risks, ABIBL
8	Mr.	S Dinakaran	DGM, The New India Assurance Co Ltd
9	Mr.	Samit Srivastava	GM, JB Boda Insurance & Reinsurance Brokers
10	Dr.	Murali Lal	Technical Head (Climate Change), RMSI Pvt Ltd, Noida
11	Mr.	N. Ramaswamy	General Manager, GIC Re
12	Mr.	Sudhir Khare	Sr EVP & Head- Property, Energy & Marine, TATA AIG General Insurance Company
13	Mr.	Girish Gangadharan	Chief Manager (Claims Vertical), GIC Re
14	Mr.	S.Vishwanathan	Sr VP , SBI General Insurance
15	Mr.	R.Narasimhan	Sr VP Hdfc Ergo General Insurance
16	Mr.	Anupam Bansal	Chief Actuary , AICL
17	Ms.	Kanika Sharam Shandil	DGM, AICL
18	Mr.	S N Satpathy	Secretary General , Insurance Institute of India
19	Mr.	Dr. George Thomas	Professor, Insurance Institute of India
20	Ms.	Dr Archana Vaze	Professor, Insurance Institute of India
21	Mr.	Kaustubh Kulkarni	Senior underwriter, Property, Marsh
22	Mr.	Chintan Shah	Senior underwriter, Property, Marsh
23	Mr.	Ankur Gupta	Head of Client Management, Munich Re India Branch
24	Mr.	Nikhil Nayak	Treaty Underwriter, Munich Re
25	Mr.	Ali Haider	Jr Consultatnt , NIDM
26	Mr.	Harshwardhan Jadhav	Deputy Secretary, State Disaster Management Authority, Govt of Maharashtra
27	Mr.	Ramesh Pawar	Section Officer, State Disaster Management Authority, Govt of Maharashtra
28	Mr.	Chintan K Shah	General Manager, JB Boda Insurance & Reinsurance Brokers Pvt Ltd
29	Mr.	Chaitanya Basrur	Lead – Corporate & Government Solutions Group, J B Boda Insurance & Re-Insurance Brokers Pvt Ltd
30	Mr.	Ankit D Mehta	Sr Executive Head- Reinsurance & Compliance Officer, IRICS
31	Mr.	Sitanshu S Swain	Asia Pacific Editor, Asia Insurance Post
32	Dr.	Steward Doss	Faculty Member & Workshop Coordinator, NIA Pune
33	Ms.	Jayashree Sridhar	Faculty Member & Workshop Coordinator, NIA Pune
34	Mr.	Renjit Gangadharan	Chair Professor (Non-Life), NIA Pune
35	Mr.	V. Sathyakumar	Chair Professor (FISS), NIA Pune
36	Mr.	V Balagopal	Chair Professor (Life), NIA Pune
37	Mr.	Bipin Kumar	Faculty Member, NIA Pune
38	Mr.	Anil Kumar Srivastava	Faculty Member, NIA Pune
39	Mr.	Asim Kumar Pattnaik	Faculty Member, NIA Pune