



Plataforma Regional para la Reducción del Riesgo de Desastres de las Américas

Invertir en RRD para proteger los avances del desarrollo

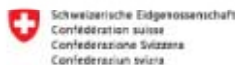
IV Sesión - Guayaquil, Ecuador del 27 al 29 de Mayo 2014



Disaster Risk Financing: The Evolving Role of (Re)Insurance and Financial Markets

Claudia Melo

Swiss Re

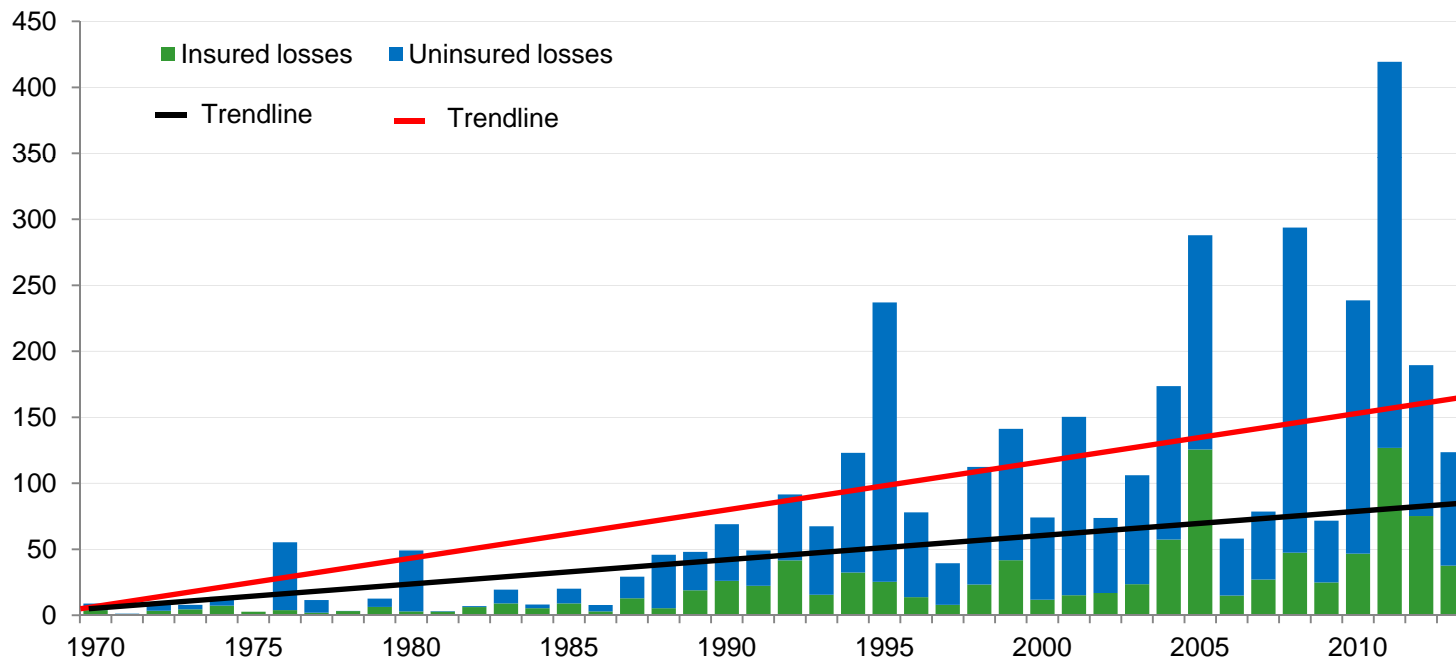


Swiss Agency for Development and Cooperation SDC



Massive gap between total and insured losses highlights potential exposure for the public sector

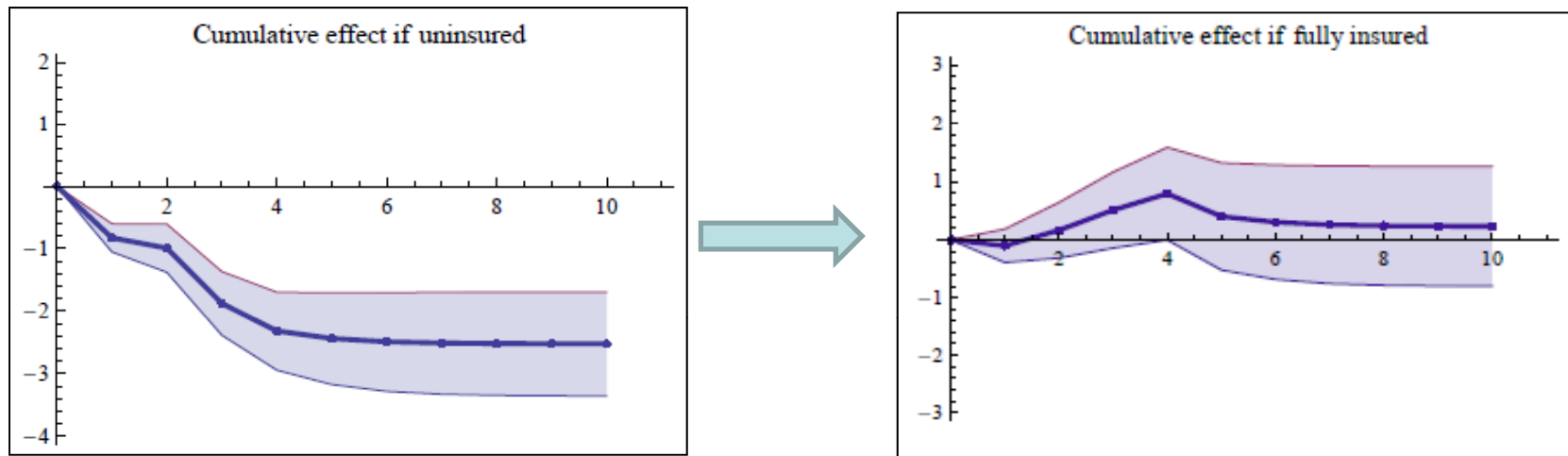
Natural catastrophe losses 1970-2013, in USD billion (2013 prices)



Source: Swiss Re Economic Research & Consulting, *sigma* catastrophe database



Risk transfer is key to sustaining economic growth after a disaster



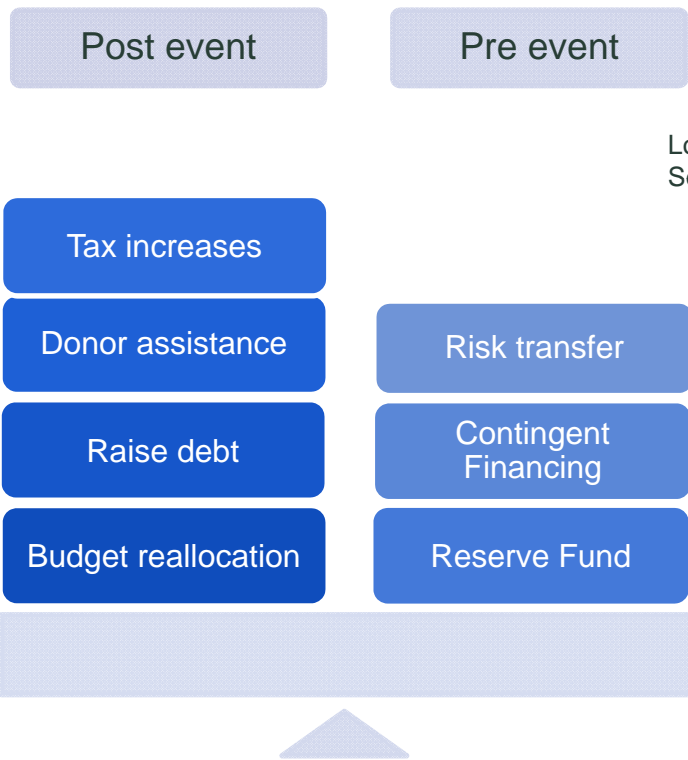
- BIS developed a model from which they can simulate the impact of natural catastrophes on a country's growth path
- Countries generally do not recover their previous growth paths and consequently
 - *Natural catastrophes leave behind a permanent macroeconomic cost, over and above the direct loss from the destruction.*
- Sluggish growth in each subsequent year after an uninsured disaster brings the cumulative permanent loss to nearly 4% of GDP
 - *However, following an insured event, the cumulative output gain is 2.4%*



Source: Bank of International Settlements

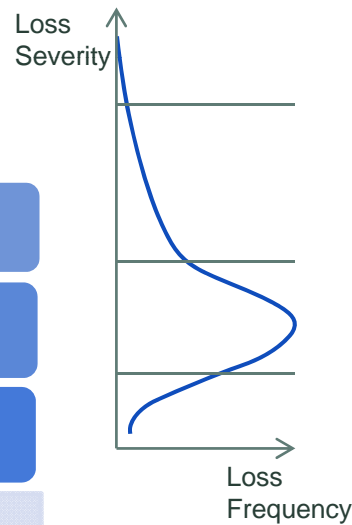
A more balanced mix of financing is needed

Post-event financing versus pre-event financing



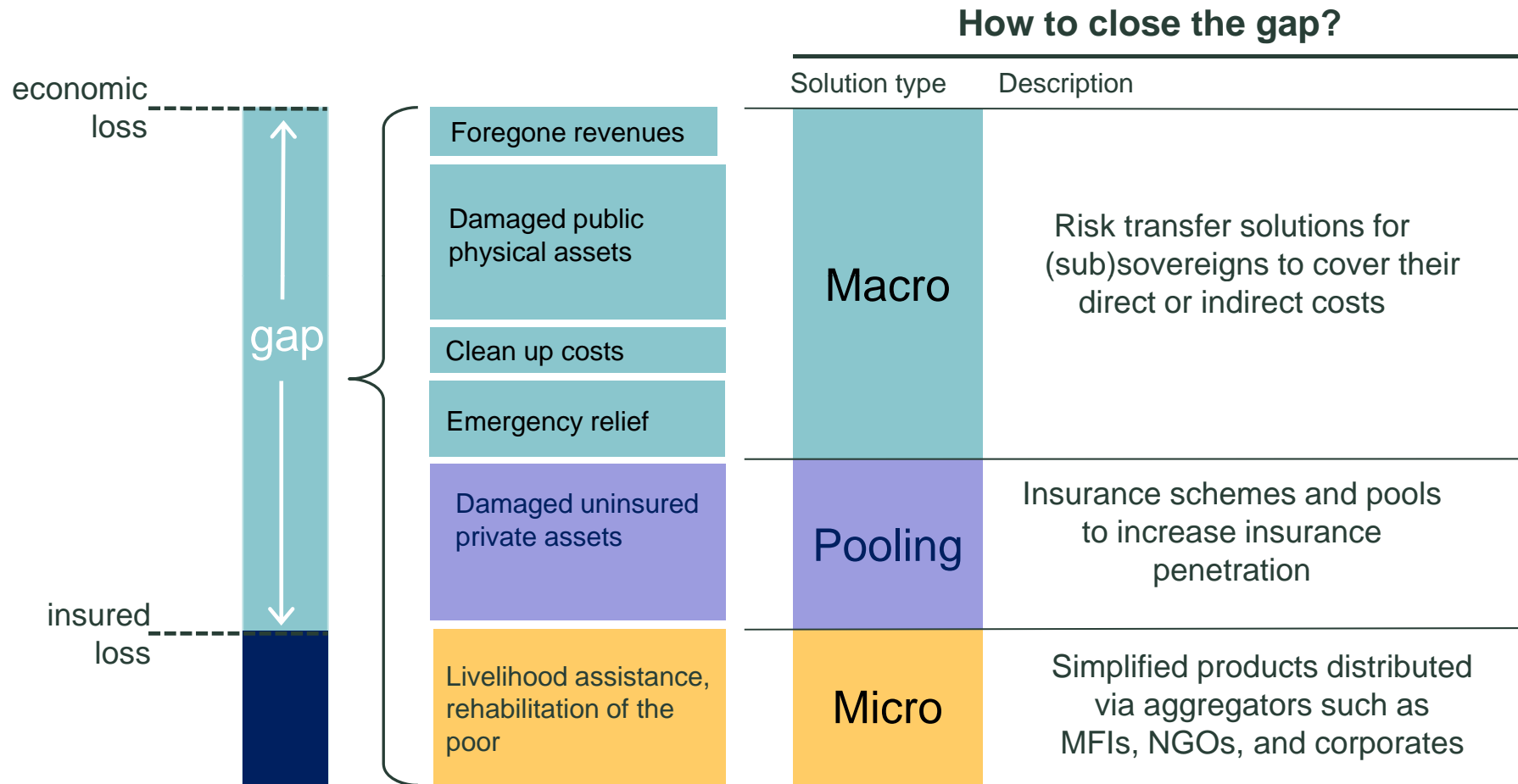
World Bank Policy Research Working Paper 5564, "How do Governments Respond after Catastrophes", 2/2011

"From an ex-post perspective, the availability of insurance offers the best mitigation approach against real and fiscal consequences of disasters"

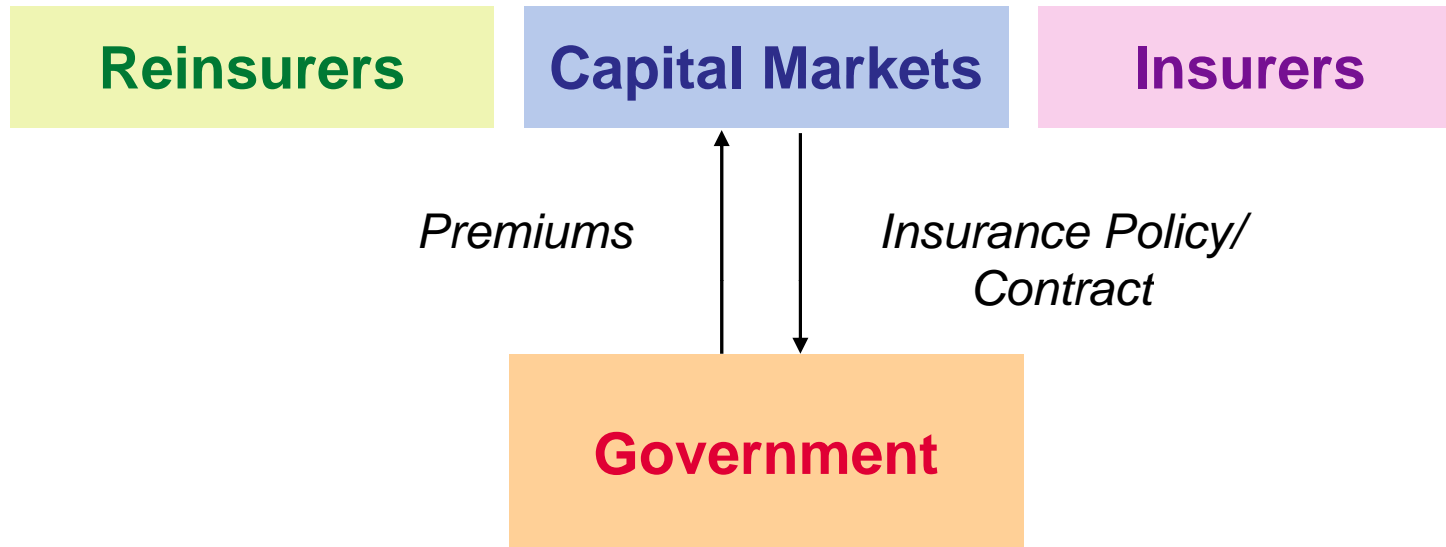


Risk transfer: efforts required on all fronts

Macro, micro and pooling



Structure of risk transfer solutions

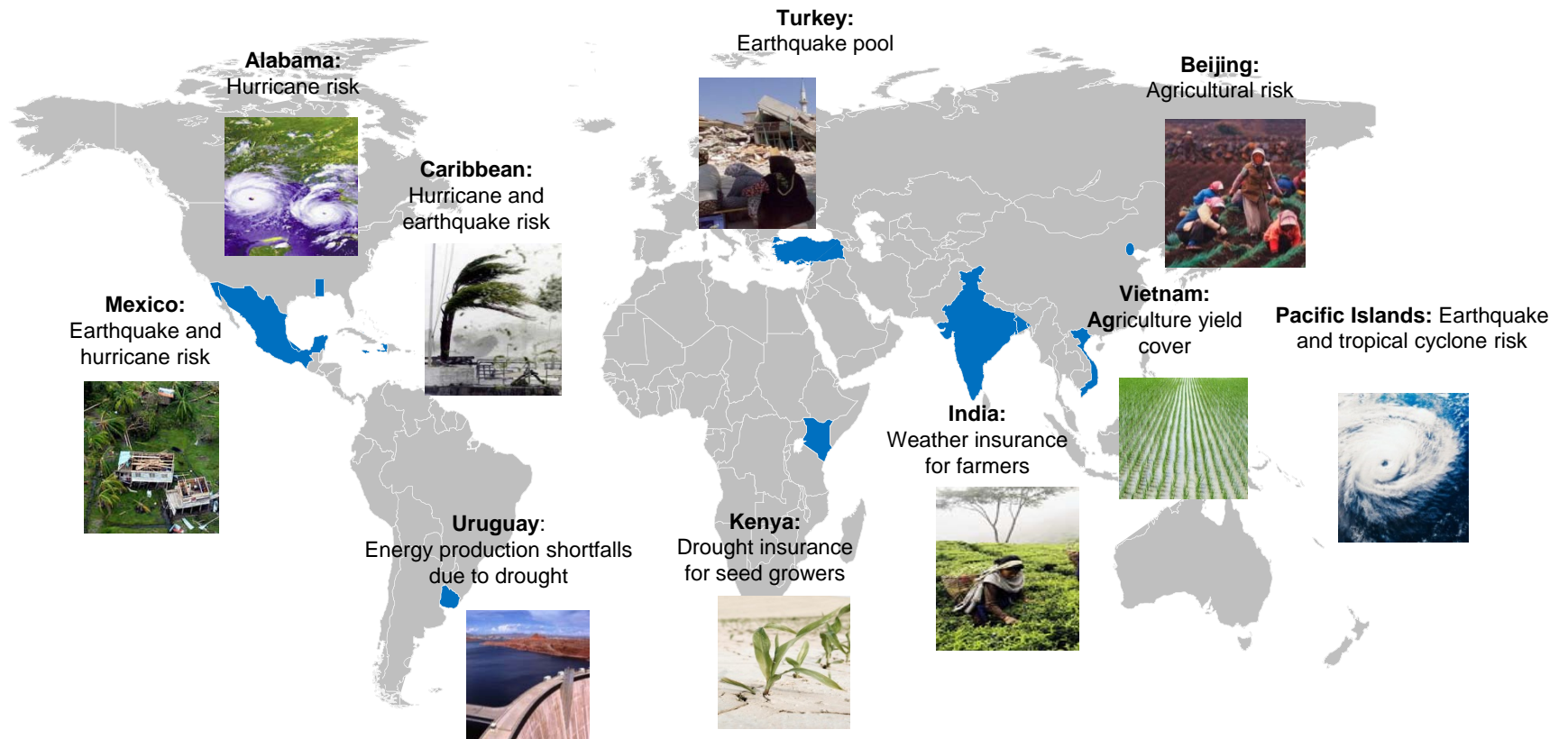


- Policy: Insurance linked securities ("cat bonds"), swaps and reinsurance
- Risks: Natural catastrophes, agriculture risk, pandemics, longevity
- Use of funds: Emergency costs, long term liabilities, internal funding



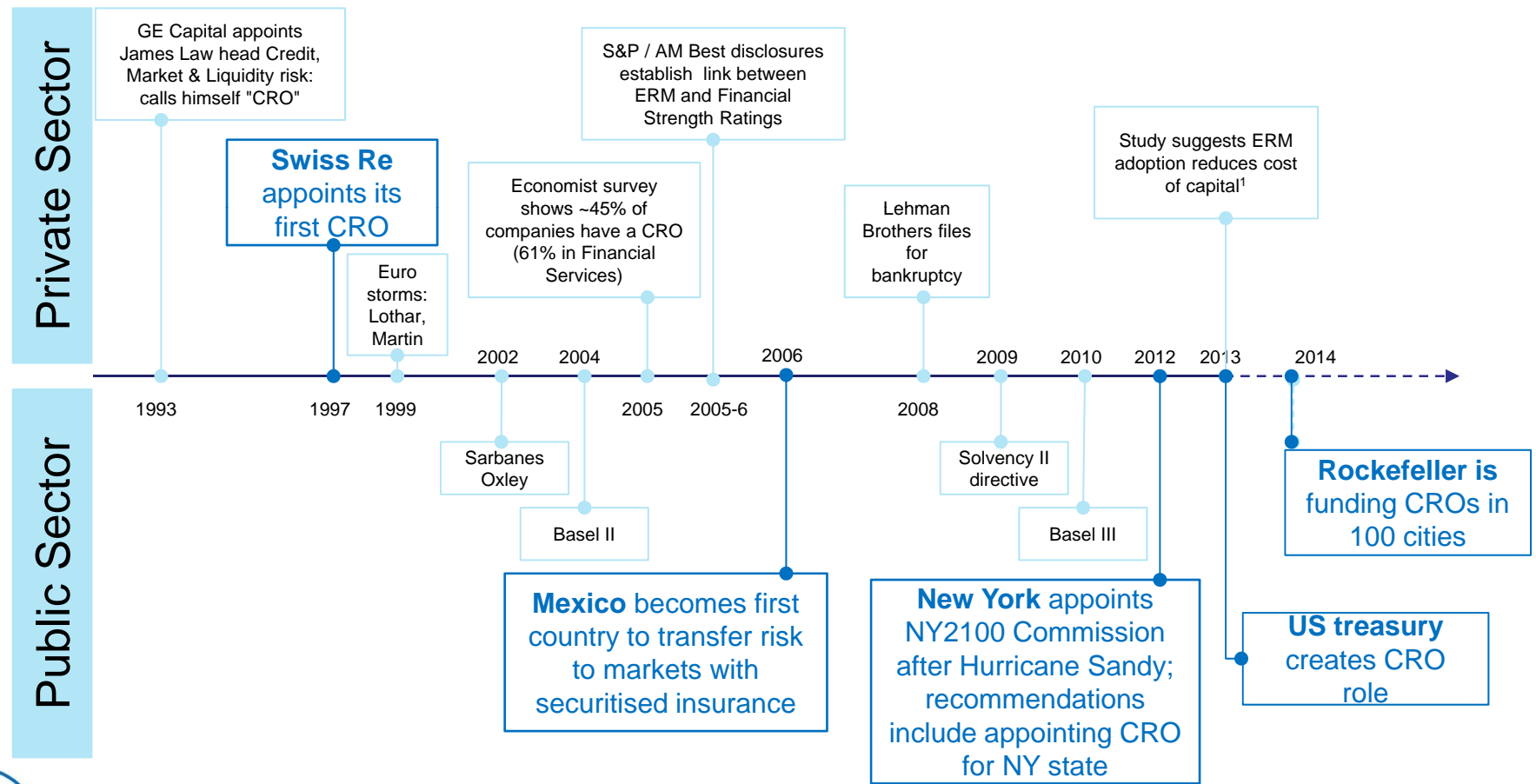
Macroinsurance expanding to cover new disaster risks

The list of potential risks that governments can "insure" is growing, including catastrophes, weather and commodity-linked weather



More holistic public sector risk management

CRO a "recent" development, embraced by enterprise and, increasingly, the public sector



Mensaje final



El sector privado tiene la función de apoyar al Gobierno y la sociedad en la gestión del riesgo de desastres



PROFESSIONAL PROFILE



Claudia Melo has 10 years of experience in the financial sector, which of them six in the national and international insurance and reinsurance markets.

Claudia works at Swiss Re since March 2008 when she joined the company as Client Manager for the Brazilian market, serving as well the Southern Cone region. Her responsibility was to develop and manage all reinsurance opportunities across the different countries in South Latin America.

Since 2011, as part of Swiss Re Global Partnerships team, she focuses in developing risk management and risk transfer solutions for addressing public sector needs, in order to create a more resilient society and economy. It includes, among others, partnering with Government and its entities, NGOs, Multilaterals

and Development Banks in Latin America.

Claudia has completed a Master Degree in Finance and Entrepreneurial Management at Universidade de São Paulo and has a bachelor degree in Business Administration at Fundação Getúlio Vargas, São Paulo. humanitarian relief operations in disaster and conflict areas, and in institution-building to strengthen national capacity for disaster preparedness, response and for risk reduction.

Previous appointments

- Client Manager at Swiss Re, 2008
- Project Manager at Santander Bank, 2006
- Finance Analyst at ABN AMRO Bank, 2004