

Southeast Asia Disaster Risk Insurance Facility

PROTECT THE GREATEST
HOME OF ALL:
OUR COUNTRIES

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

An ASEAN+3 Initiative
in partnership with The World Bank



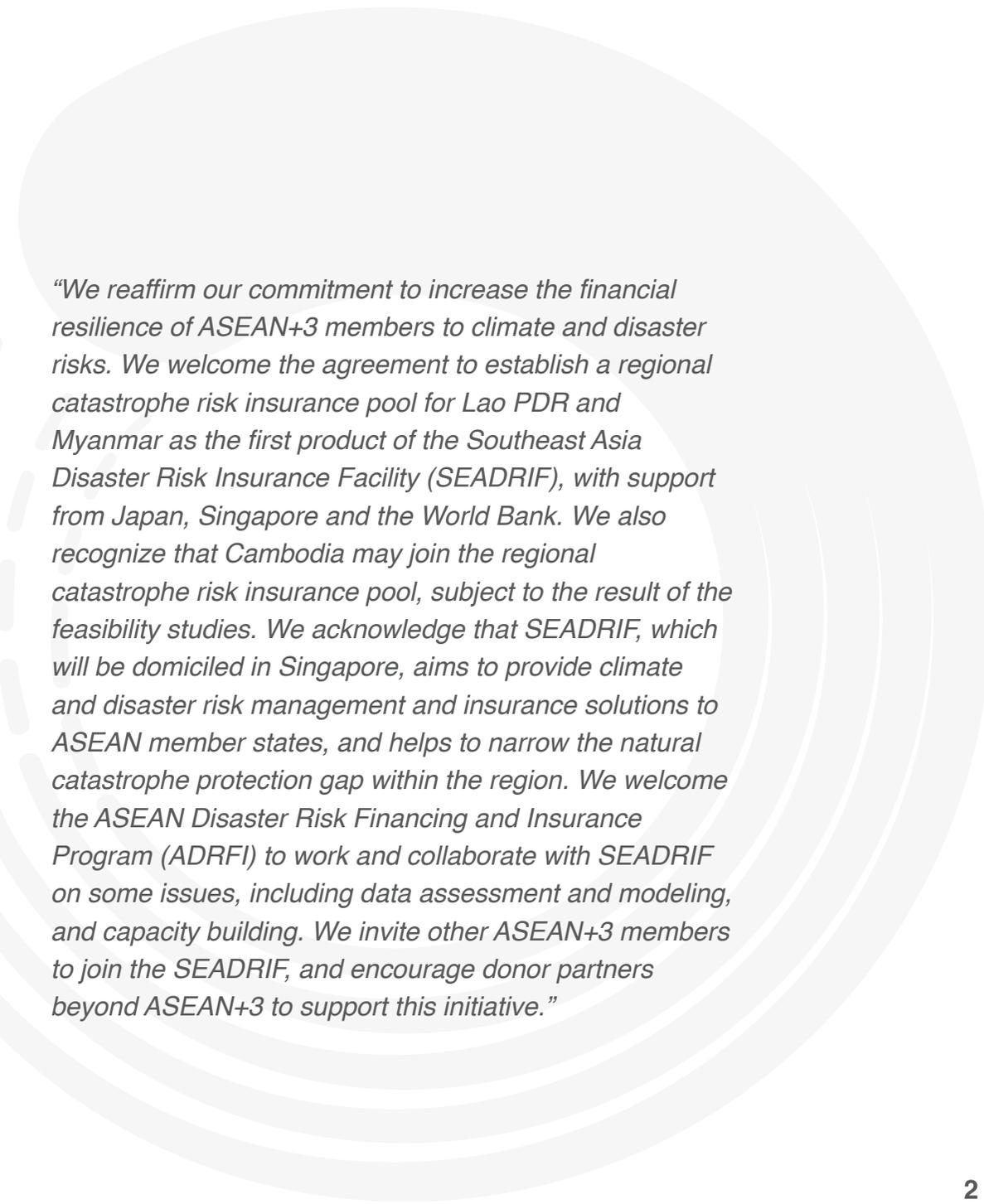


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Joint Statement
of the 21st ASEAN+3
Finance Ministers’
and Central Bank
Governors’ Meeting.
Manila, Philippines.

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“We reaffirm our commitment to increase the financial resilience of ASEAN+3 members to climate and disaster risks. We welcome the agreement to establish a regional catastrophe risk insurance pool for Lao PDR and Myanmar as the first product of the Southeast Asia Disaster Risk Insurance Facility (SEADRIF), with support from Japan, Singapore and the World Bank. We also recognize that Cambodia may join the regional catastrophe risk insurance pool, subject to the result of the feasibility studies. We acknowledge that SEADRIF, which will be domiciled in Singapore, aims to provide climate and disaster risk management and insurance solutions to ASEAN member states, and helps to narrow the natural catastrophe protection gap within the region. We welcome the ASEAN Disaster Risk Financing and Insurance Program (ADRFI) to work and collaborate with SEADRIF on some issues, including data assessment and modeling, and capacity building. We invite other ASEAN+3 members to join the SEADRIF, and encourage donor partners beyond ASEAN+3 to support this initiative.”

The Need to Prepare

Southeast Asian countries are exposed to disaster and climate risks. We have suffered through floods and landslides, tropical cyclones and typhoons, earthquakes and tsunamis, as well as droughts and forest fires. We do not know when or where the next disaster will hit, but we know it is sure to come. We also know it will cause economic loss and suffering. Recovery can take years.





Imagine knowing in advance where the money to pay for emergency assistance and reconstruction will come from. Predictable resources can be linked to plans for effective recovery, relief and rebuilding.

Now, envision how governments would not have to start looking for money in the middle of a disaster, and how this will contribute to stopping a disaster from turning into a crisis.

**We are committed to
being better prepared.**

To make this vision a reality **ASEAN+3** Finance Ministers and Central Bank Governors have come together to establish the **Southeast Asia Disaster Risk Insurance Facility (SEADRIF)**.

SEADRIF will provide financial solutions to help ASEAN governments protect our home - our countries.

Disaster and Climate Shocks: A Growing Threat

Over the past 15 years, more than one billion people have lifted themselves out of poverty. The Southeast Asian economic miracle has created opportunities for millions. But climate and disaster risks threaten these achievements.

Climate change increases the frequency and intensity of extreme weather events such as floods, typhoons, and droughts. Rapid growth puts more people and assets in harm's way.

Global asset losses from disasters are now reaching an average of more than **US\$300 billion** a year. According to a 2017 World Bank report, disasters forced about **26 million people** back into poverty each year. In the middle or low-income nations, **90%** of disaster losses are uninsured.

Investing in financial resilience helps governments:

- Increase their financial capacity to respond to shocks.
- Reduce the impact of disasters on social and economic development by smoothing shocks to government budgets, household spending and businesses.
- Protect human development and economic gains, and thus contributes to poverty reduction and shared prosperity.





Diverse Needs Require Diverse Solutions

Southeast Asian countries are at different stages of development.

Whatever their primary concerns, all suffer when hit by a natural disaster. Damage from shocks can set communities and countries back decades.

Countries with higher levels of economic development and rapid growth have large and growing asset bases that are at risk. They are often concerned with large losses caused by economic disruption and infrastructure damage.

Countries with large, vulnerable, poor and often rural populations are looking for ways to reduce the impact on households and livelihoods.



Why We Can't Wait

Governments cannot afford to wait until a disaster strikes to start looking for the funds to respond.

Without sufficient financial planning, disasters force countries to divert funds from vital development spending such as investments in education, health and infrastructure.

SEADRIF supports ASEAN countries to develop and implement disaster risk finance solutions before a disaster occurs.

This improves two challenges that governments' face:

- 1 Obtaining funds fast after a shock to pay for immediate relief and ongoing recovery.
- 2 Spending resources efficiently and effectively during a time of crisis.

Planning for Recovery

Delayed or inadequate disaster response can lead to much higher losses. When funds are reliably and rapidly available, and effective plans exist to guide spending and decision-making, countries can recover more quickly and reduce the human, economic and fiscal costs.

Financial preparedness complements other elements of a comprehensive disaster risk management strategy, such as investments in early warning systems and risk reduction.



ASEAN: Stronger Together

SEADRIF is a regional platform for all ASEAN countries.

As the first regional risk financing facility in Asia, SEADRIF can count on significant support from donors and international partners.

Acting together, countries can build more efficient financial solutions.

SEADRIF will develop programs and products that are tailored to each country's needs and financial protection goals, as well as provide benefits beyond faster, more reliable access to money.

It serves as a forum for sharing knowledge and good practices.

It promotes shared investment in public goods to support the understanding of risk.

It sustains political momentum - driving engagement and progress on disaster and climate shock management.



Six Reasons to Participate in SEADRIF

SEADRIF provides many benefits to participating countries.

1

It provides **rapid and predictable** relief funding, reducing reliance on disruptive budget reallocations or dependence on uncertain humanitarian aid.

3

It creates a **transparent, rules-based facility to provide disaster aid to participating countries**, allowing governments to plan ahead.

5

It brings **international support**, including donor financing and technical assistance.

2

It enables improved **access to international reinsurance and capital markets** through regional risk pooling and a collective approach to markets.

4

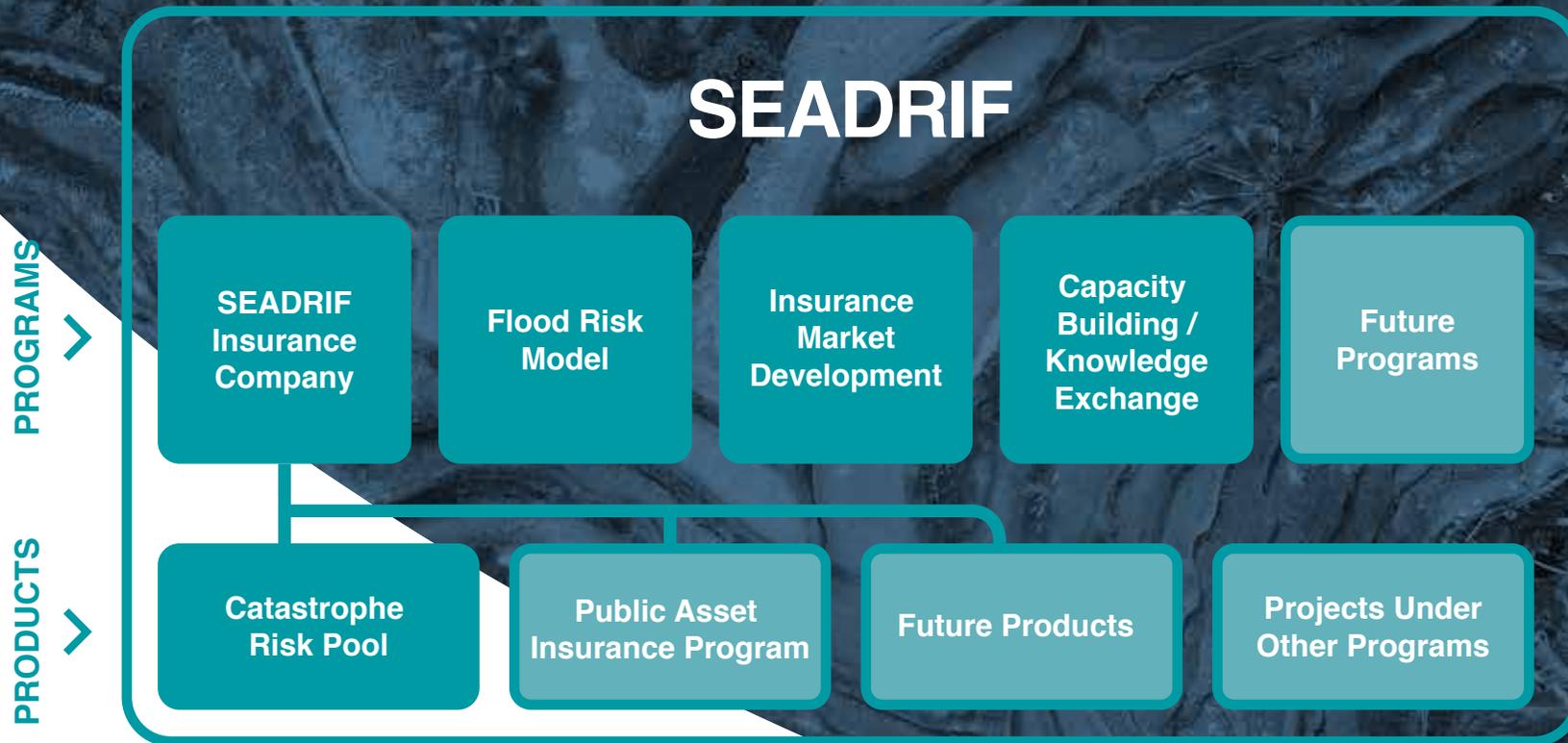
It offers **access to public goods** such as a flood risk assessment model backed by state-of-the-art technology.

6

It builds **regional leadership** as a facility established and owned by ASEAN+3 countries.

A Full Service Platform for All Members

SEADRIF is a regional platform that support different programs and products that benefit its members.



The First Product

As its first financial product, SEADRIF will pool flood risk from Lao PDR, Myanmar and possibly Cambodia.

Working together allows for a significant cost reduction in insurance coverage.

It is unlikely that countries will suffer a simultaneous loss, so pooling risk reduces the total amount of capital insurers are required to set aside.

Working together also creates a critical mass of business, which is more attractive to the reinsurance market.

Finally, it reduces transaction costs, which would be much higher if countries bought individual policies.





The participating countries will pay a contribution and obtain three years of coverage. In the case of a qualifying flood event, they will receive a payout from the risk pool.

Each country's contribution is based on their risk profile and their desired level of coverage.

Donors contribute seed capital and funds to cover start-up and operating costs for the development and implementation of the regional catastrophe risk pool.

The World Bank is providing Cambodia, Lao PDR and Myanmar with technical assistance and analytical support in the preparation of this pool.



State of the Art Technology

SEADRIF has invested in state-of-the-art technology to increase timeliness and access to information, thus improving the financial products offered.

As a first public good, an innovative flood-monitoring tool combines satellite data with on-the-ground observations and hydrological models to improve the performance and accuracy of flood predictions.

Initially available for Cambodia, Lao PDR and Myanmar, the tool will provide the risk data needed for the flood insurance pool. It will also provide flood impact assessments in near-real time, helping financial decision makers answer questions such as:

● **Before a flood event**
Is there risk of a flood happening in the next days?

● **During a flood event**
Which areas are flooded? How many people are affected?

● **After a flood event**
How much money is needed to respond to the flood? Should an insurance payout be expected?

Who Owns SEADRIF?

SEADRIF is established and owned by ASEAN+3 countries, with financial support from donor partners, technical support from the World Bank, and administrative support from the ASEAN Secretariat in partnership with regional and other institutions.

1 The SEADRIF Trust is the strategic decision-making body open to all ASEAN+3 countries that sign the SEADRIF Memorandum of Understanding.

2 SEADRIF Sub-Trusts are established for subgroups of the SEADRIF members to develop and govern specific initiatives, such as the catastrophe risk pool.

3 The SEADRIF Insurance Company is established in Singapore under SEADRIF to provide insurance and financial products and services to members.



SEADRIF FAQs

Who can join SEADRIF?

All ASEAN+3 Countries can join SEADRIF.

What does it cost?

There are no membership fees to join SEADRIF (donors defray the establishment and operating costs for the first ten years). If members decide to make use of specific financial instruments, the financial contribution will depend on the specific design and the choices made by the country.

How does a country join SEADRIF?

To join, a country must sign the SEADRIF Memorandum of Understanding.

What do countries commit to by joining?

Countries who decide to join the SEADRIF Trust commit to participating in the development and guidance of SEADRIF towards its objective of increasing the financial resilience of the ASEAN region.

Who supports SEADRIF?

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Can new initiatives be launched under SEADRIF?

Yes. SEADRIF, at the direction of its members, will develop a range of programs and products tailored to distinct local realities, risk profiles and countries' desired financial protection goals.



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