



# SEADRIF

SOUTHEAST ASIA  
DISASTER RISK INSURANCE FACILITY

## SEADRIF Insurance Company

Providing Catastrophe Risk Insurance Coverage  
To ASEAN Member Countries

An ASEAN+3 Initiative  
in partnership with The World Bank

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# The SEADRIF Insurance Company

was incorporated in Singapore in April 2019 as a licensed insurance company under the Singapore Insurance Act.

It is part of the broader SEADRIF Initiative that provides participating ASEAN+3\* member countries with technical advice and financial solutions against climate shocks and natural disasters.

*\*ASEAN+3 (comprising Southeast Asian countries plus China, Japan, and the Republic of Korea)*

The SEADRIF Insurance Company is fully owned by SEADRIF member countries through the SEADRIF Trust and regulated by the Monetary Authority of Singapore. It is governed by a Board of Directors comprising three professionals with decades of experience in the insurance industry.

# Core Characteristics

## Established by member governments for member governments

All ASEAN+3 countries can become members.

## Co-developing solutions

The SEADRIF Insurance company works closely with its members to develop risk finance and insurance solutions that help governments overcome bottlenecks in building financial resilience.

## Supported by donors

Donors and international institution support vulnerable ASEAN countries through SEADRIF.

## Returning or investing any profits for members

SEADRIF acts like a mutual and any earning from its insurance products will be invested to support members or return as future premium discounts.

## Building efficient markets

SEADRIF is committed to grow local insurance markets and helps governments access international financial markets efficiently.

# The First Product

As its first product, the SEADRIF Insurance Company provides cover against catastrophe risks to the government of Lao PDR.

Overview of the policy:

Covered peril	Flood and other perils
Policy period	3 years ( 1 February 2021 - 31 January 2024)
Trigger	Modeled loss (affected population)
Components	Parametric component and Finite Risk component
Contingency plan (pre-approved)	The Government of the Lao PDR committed to use funds following the SEADRIF Environmental and Social Management System, in line with the World Bank's framework.

# Parametric Component

- Triggers based on the number of people affected by a flood of more than 25cm depth as estimated by an innovative flood monitoring tool.
- “Medium event” - payout of 40% of total coverage, with a modeled return period of 8 years.
- “Severe event” - payout of 100% of total coverage, with a modeled return period of 20 years.

# Finite Risk Component

- Provides financing for costs resulting from events which do not trigger a payout under the strictly objective rules of the parametric component.
- Total payout is limited to the amount of the premium that the government pays for that component at the beginning.

# State of the Art Technology

SEADRIF has invested in cutting-edge 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.

The tool has been providing the risk data needed for the first product. It constantly monitors severity of floods in the country using data such as rainfall and river flow measurements and satellite images. It then calculates the severity of a flood in near real-time.



# Payout Made Within 1 Business Day

In August 2023, the Government of the Lao PDR claimed two payouts with a total of 29 billion kip (US\$1.5 million) from the finite insurance.

This supports the response to the flood that affected 10 provinces in August 2023 and remaining reconstruction work from flooding caused by a tropical storm in 2022.

The SEADRIF Insurance Company made the payout just one business day after the Ministry of Finance submitted the notice of loss.

# SEADRIF Insurance Priority Areas

in response to member countries requests and aligned with the ASEAN+3 Disaster Risk Finance Initiative Action Plan

## Parametric Catastrophe Insurance

Continuation for Lao PDR since 2021

## Public Asset Financial Protection

In preparation\*

\*co-design solutions with member countries expressing their interest and need. (ASEAN+3 Disaster Risk Finance Initiative Action Plan 2-1)

## Agriculture Insurance

Future solution, proposed under ASEAN +3

## Catastrophe Bond

Future solution, proposed under ASEAN +3

## Domestic Market Development

Future solution, priority objective



# SEADRIF is a Regional Platform

to provide ASEAN+3 countries with financial solutions and technical advice to increase their financial resilience to climate and disaster risks.

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 Trustee holds the legal title to the assets of SEADRIF Trust and is the sole shareholder of the SEADRIF Insurance Company.

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





## SEADRIF's Role in the ASEAN+3 Disaster Risk Financing Initiative

*Joint financial solutions are the core of a new joint initiative to strengthen financial preparedness to disasters. **The proposed solutions must take into consideration countries individual circumstances and build on existing programs. Existing mechanisms such as SEADRIF can be deepened for insurance products.** Additional joint insurance products can provide enhanced protection, for example for critical public infrastructure or large exposed agricultural areas. This priority area will also explore new financial products, responding to member demand....*

Extract from the 2023-2025 Action Plan of the ASEAN+3 Disaster Risk Financing Initiative. Endorsed by ASEAN+3 Finance Ministers and Central Bank Governors in May 2023.



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TAKE THE CRISIS

OUT OF DISASTERS

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