



SINGAPORE ACTUARIAL SOCIETY

7th SAS General Insurance Conference
Pushing The Boundaries



SAS GI Committee

Natural Catastrophe Pools Working Party

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Resorts World Sentosa, Singapore

Overview

1. Recent Activity in AsiaPac
2. Objectives of a Nat Cat Pool
3. Matrix of Considerations
4. Success Depends on the Objective
5. Other



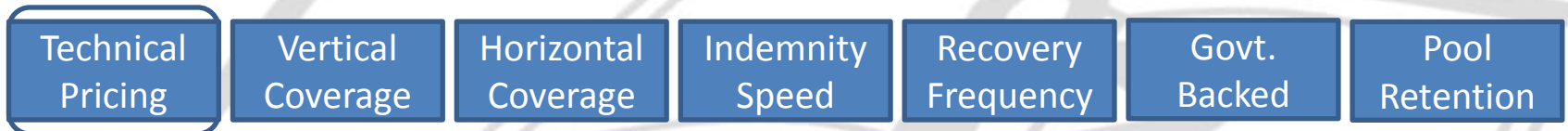
Recent Activity in Asiapac

1. Philippines – World bank attemptedd to utilise cat bond issuance facility
2. China – Successful Pilot Program + National Earthquake pool
3. India – GIC Re Catastrophe Insurance pool
4. Pacific Islands Catastrophe Risk Insurance Pilot
5. Thailand – National Catastrophe Insurance Fund
6. Launch of Asian Infrastructure Investment Bank

Objectives of a Nat Cat Pool



Matrix of Considerations



Heavily Discounted for Appeasement



Technically Priced Despite Unaffordability

Matrix of Considerations

Technical
Pricing

Vertical
Coverage

Horizontal
Coverage

Indemnity
Speed

Recovery
Frequency

Govt.
Backed

Pool
Retention



Low Limit, Low Deductible to Benefit a Wider Population



Full Indemnification for the Heavily Affected

Matrix of Considerations

Technical
Pricing

Vertical
Coverage

Horizontal
Coverage

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Pool
Retention



Single Peril / Event, Basic Property Coverage



Covers All Perils, Includes Contents

Matrix of Considerations

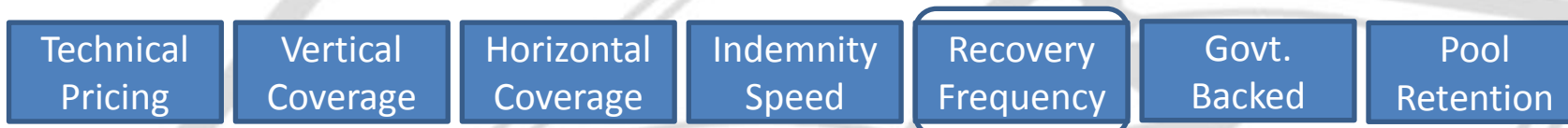


Full Assessment of Indemnified Damages



Parametric Trigger, Limited Window for Settlement

Matrix of Considerations

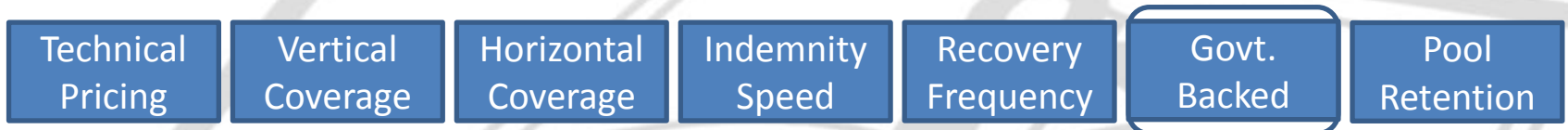


Low Frequency High Severity



High Frequency, Multi-Peril

Matrix of Considerations



Self Funding, Capital Build Up



Government Backed, Reinsurer of Last Resort

Matrix of Considerations

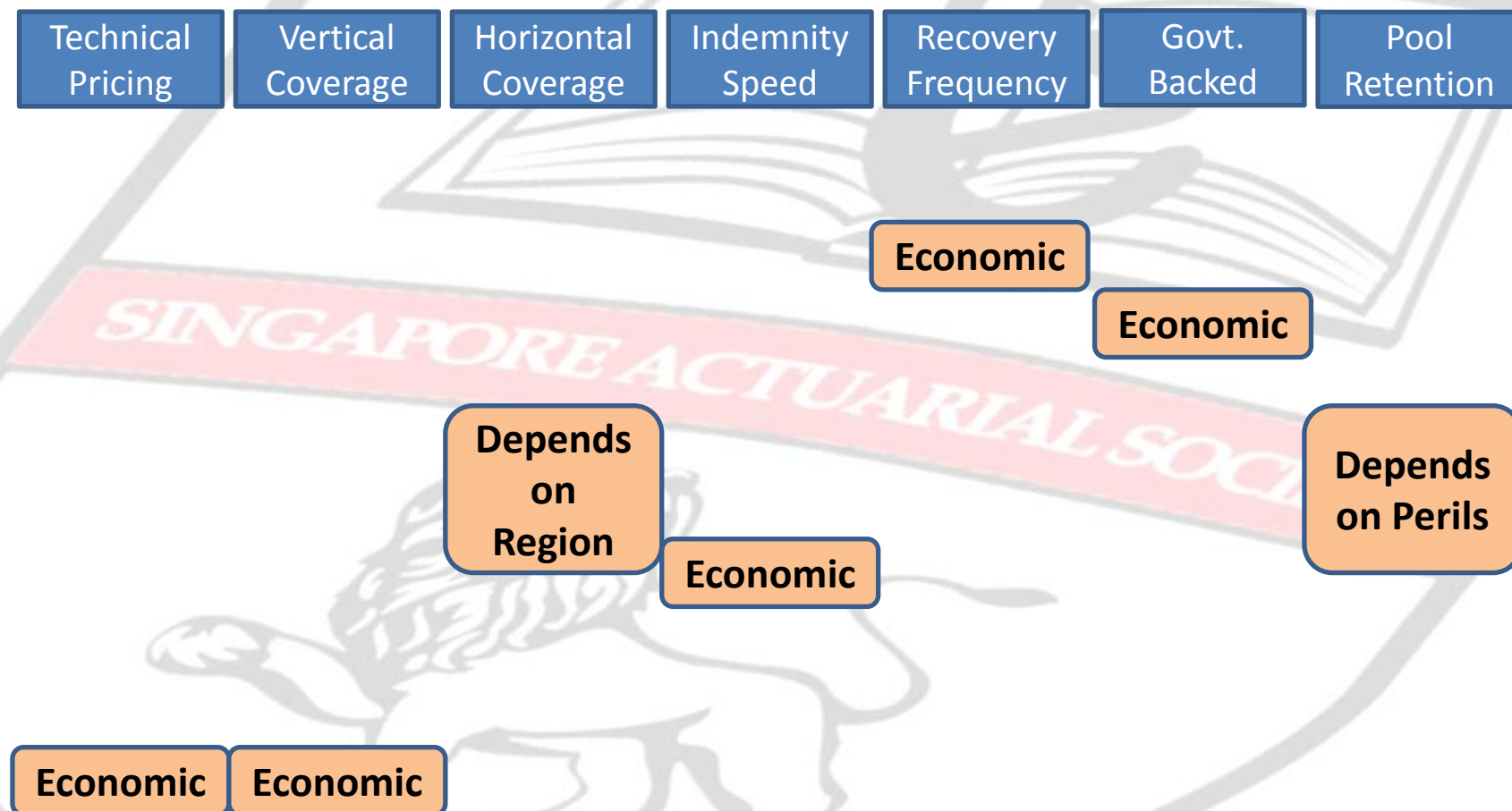


Low Retention, High Reliance on Reinsurance

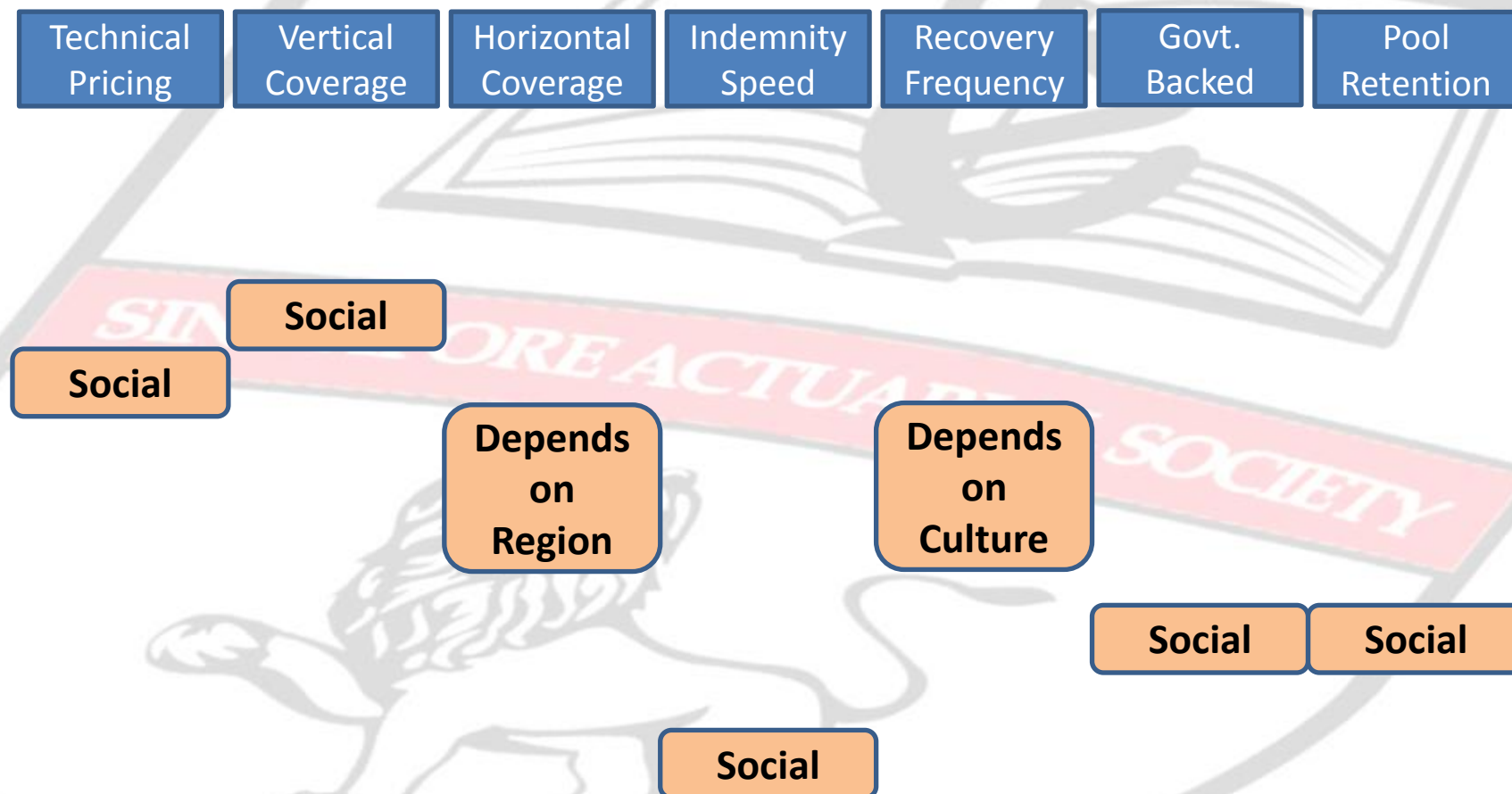


High Retention, Build up of Capital

Success Depends on the Objective



Success Depends on the Objective



Other Considerations

1. Availability and Quality of Risk Models
2. Compulsory vs Non-Compulsory
3. Political Timing and Aspirations
4. Alternative Reinsurance / Market Cycle
5. Who Operates the Pool, Claims Management and Training