



Principles

GFIA Natural Catastrophes Working Group

The purpose of the GFIA Natural Catastrophes Working Group is to represent the insurance industry's interests with regards to natural catastrophes disaster risk management (DRM) plans by engaging with relevant stakeholders including international regulatory bodies, standard setters and governments and by drawing upon the principles outlined below.

1. Private Insurance can and does play a key role in disaster risk management. Fully open and competitive insurance markets enhance the ability of insurers to respond to disasters in the most effective manner. In addition, if the regulatory system enables a vigorous private insurance market, insurers can also contribute to DRM by way of public information, loss prevention services and advocacy for measures that reduce the risk of loss, such as better building codes. Governments should therefore cooperate with the private sector, including insurers, in the development of national DRM plans and in response and recovery.
2. Government's overriding role is to ensure that the National DRM plan is complete and adequate to meet population needs after an event. Risk assessment, adaptation, mitigation, preparedness, emergency response and recovery are important components of DRM plans. Governments should engage with stakeholders, including insurers in the development of their DRM plans.
3. We recognize that a single approach to disaster risk management may not work for all jurisdictions. Countries face differing natural hazards, have different institutional and financial infrastructures, differing economic and political systems and, for a variety of reasons, have developed different responses. Despite the different approaches to disaster risk management in various jurisdictions, a common feature of all national DRM plans should be clear and open before-the-fact communication of expectations and responsibilities. Irrespective of the approach taken, to help communicate economic signals about risk, all costs and subsidies in a DRM should be open and transparent.
4. Data quality and availability are central to accurate risk assessment and planning for effective risk management, without which an effective DRM plan cannot be developed. Towards that end, governments are encouraged to promote the gathering and sharing of data that would maximize the ability of insurers to play an effective role within the DRM plan. However, governments should not impose unreasonable requirements on insurers, especially while they are responding to a disaster.
5. Pricing of insurance products ought to reflect the risk assumed by insurers and reinsurers. Such pricing mechanism promotes resilience, availability of coverage and risk reduction behaviours.