



## **Module 3: The Role and Contributions of the Insurance Sector on the Development of Climate / Disaster Risk Insurance in the Philippines and Vietnam**

1 June 2020, 3:00-5:00 pm (PH Time)

**No. of Participants:** 83

### **Opening:**

Program Director Dr. Antonis Malagardis welcomed the participants on behalf of the RFPI Asia III program. He was pleased with the good number of participants considering it was a holiday in Germany and that the webinar had to be re-scheduled due to a national holiday in the Philippines. In the preceding Module 2 webinar last 24 April, the focus was the enabling environment for CDRI in Vietnam, Indonesia, and the Philippines. For Module 3, emphasis was on the progress in developing CDRI products in the 3 countries including the challenges and probable solutions/measures that could be undertaken. Again, the format of the webinar allows for more discussions/interaction of the panelists with the participants in order to surface important concerns and issues.

### **Module Objectives and Guidance:**

The moderator, Mr. Jimmy Loro went over the module objectives as follows:

- Analyze the commonalities and differences that drive CDRI development in Vietnam and the Philippines;
- Identify the specific requirements of the insurance industry in underwriting extreme weather events and provide affordable products to low-income people and microenterprises in Philippines and Vietnam;
- Gather through the discussion proposals that would further enhance the current systems of CDRI product development in the two countries.

Mr. Loro also presented an overview of the CDRI Landscape in Asia and the Pacific study of MEFIN which showed the vulnerability of the region to disasters. And while there are existing interventions, still 91.5% of its population is without CDRI coverage. On a country specific level, Vietnam focuses its CDRI on the agriculture sector which is most at risk to climate change and have launched the National Agriculture Insurance Pilot Program (NAIPP) which contributed to the enactment of the Agriculture Insurance Law in 2018 covering rice, livestock and aquaculture against 19 types of climate risks. In the Philippines, the insurance provider 1CISP developed products covering homes and MSMEs using innovations in technology to make them more accessible and affordable, including the Nego Seguro product for MSMEs. On the reinsurance side, NatRe caters to insurance companies to cede risks and diversify portfolios. It has developed the OASIS Open Platform for Climate and Catastrophe Risk Assessment – project manager for Philippine flood model development. Both 1CISP and NatRe work closely with GIZ RFPI Asia III in its National Task Force (NTF) and Technical Working Groups (TWGs) for developing CDRI.

Mr. Loro also explained that in developing CDRI, it was generally agreed that the successful approach of Microinsurance in the Philippines was worth adapting, particularly on the aspects of multi-stakeholders approach in advocacy and the use of public seminars and consultations.

## Panel Discussions:

The panelists-presenters for Module 3 were the following:



Mr. Roy Miclat  
President and CEO  
1Cooperative Insurance Society of  
the Philippines (1CISP)



Mr. Alexander Reyes  
Senior Vice President  
National Reinsurance  
Corporation of the Philippines  
(NatRe)

The third panelist-presenter **Mr. Nguyen Ngoc Anh**, Deputy General Manager of Bao Minh Insurance of Vietnam, unfortunately could not make it due to some pressing matters but the RFPI team was able to have discussions with him on the issues at hand which will be read to the participants. Bao Minh, was a participant of the RFPI supported Actuarial Training in Vietnam and is a partner of RFPI in Vietnam.

**Lead Question 1:** *What are the specific requirements of the insurance industry in underwriting specific products, against extreme weather events and provide affordable products to microenterprises?*

- *For 1CISP, Business Interruption Insurance*
- *For Bao Minh, shrimp/aquaculture insurance*
- *For NatRe, the perspectives of a reinsurer*

### **1CISP on Business Interruption Insurance**

For their Nego Seguro product, there are 2 basic requirements. First, you have to be a member of a cooperative. Second, the enterprise has been doing business in the last 3 years. You need to be in business to have a business insurance.

- **Follow-up Question:** *When did Nego Seguro start, how many enrolled, and the loss ratio so far?*

It started last year, cooperative members only have traditional insurance products of fire insurance and calamity insurance of flooding, typhoon. In a lot of cases, enterprises don't suffer damages but have to stop their businesses and don't get any indemnification or coverage. When a typhoon hits an area, it does not necessarily mean that a business, especially micro and small enterprises, can easily open and not be affected. 1CISP looked into these issues and concerns, and decided to put up Nego Seguro product. So even if the calamity is natural or man-made catastrophe, as long as there is business interruption then the business receives payment from 1CISP. Coverage depends on the amount insured. Amount is based on the 3 year performance of the business, just like micro finance institutions when they extend loans to micro and small entrepreneurs, they look at the track record of the business; basically its more on the cash flow and the daily or weekly income since micro and small businesses look at daily earnings and also pay daily the cooperatives or MFI. Cooperatives provide the track records on the performance of their members as borrowers. Cooperatives do the assessment since they have been providing the finances to these enterprises.

3 years is a requirement since if a company only operates for 2 months, then gets coverage for a man-made or natural catastrophe, then that would be detrimental to 1CISP.

The enterprise must be operating for at least 3 years as a track record, what is looked at is the cash flow to determine the average daily or weekly income. Cooperatives do the assessment and from these you can see how cash comes in the business.

### **NatRe on the Requirements from the Perspective of a Reinsurer**

For CRI, insurance has a particular concern. There is the problem of geographical concentration where people can all claim at the same time. You can have several insured in a province or across several provinces but they can all be affected at the same time. So, the problem for insurance companies is achieving diversification. Insurance is all about collecting from a lot of people to pay for the losses of a few. So where will you get the money to pay when there are a lot of claims? Insurance companies usually rely on traditional solutions like buying an excess of loss program but another way is what reinsurance companies do which is to help companies diversify their portfolio, a facility to redistribute the risks. Companies that have risks in zone 1 cede their risks in other facilities in other areas and re-distribute risks to other companies cos. Companies then have more manageable shares. When you create a pool of insurance companies where they can put their Climate risks so they have diversified portfolios across the whole country, then risks go down.

- **Follow-up Question – In place of ceding to reinsurers, how are most insurance companies managing their portfolios? Why are they convinced this is cost-effective?**

The traditional option of insurance companies is to buy an excess of loss program where you reinsure losses beyond a certain amount. If you buy reinsurance on that basis, you are priced on the portfolio you're ceding. So, if you don't have a diversified portfolio, the cost is higher. If you are able to diversify before buying the excess of loss program, then costs go down. You have more capacity to retain more risks as you reduce your reliance on the program by diversifying your portfolio.

### **Bao Minh on Requirements for Shrimp/Aquaculture Insurance (answers from the preparatory interview)**

They already have experience in past e.g. Decision 315, subsidy for people/HHs. But for shrimp/aquaculture, they have incurred losses and for VN, more effective risk management is needed. For rice and other types, it is okay but it is difficult to arrange one for aquaculture given their lack of experience in risk management for the sector. Any tools or means to make it more effective is needed.

While natural hazards such as typhoons, floods, earthquake, tsunamis are included as risks in aquaculture insurance, it is very difficult to estimate losses or damages. Owners apparently don't have enough good preventive measures to facilitate these. They would claim to have these measures but it's difficult to assess whether they do or do not. Differences in exposure is also a factor. Typhoons for example are much for frequent and problematic in the north and middle of VN but not in the south. Rapid temperature changes also affect aquaculture in north and middle Vietnam but not in the south. But changing temperatures is not included as a risk to be insured in Decree 58. Disease is also risk but again is not included as a risk. Growers would want to have them included but natural risk are much easier for insurers.

**Lead Question 2:** *What were the key enablers, including use of technology or new business models, to advance on CDRI development in your country and what challenges are you currently facing in increasing the outreach of the beneficiaries?*

## 1CISP

In the 1<sup>st</sup> quarter, 1CISP expanded the coverage of Nego Seguro by launching Digitizing Coop or Digi Coop. It is an ecosystem that cooperatives can use as a platform to do business – loan application, checking of deposits, releasing of loans, marketplace, remittances, bills. It enables cooperatives to transact with members even without physically going to the office. It helped during pandemic as it allows the cooperatives to deal with the member and also with 1CISP. After a year of implementing Nego Seguro, they have to improve it more in terms of business interruption, to cover it more. Like in this pandemic which is not included in coverage but MSMEs were disrupted by it. It can happen again, as cooperative insurers, 1CISP has to respond to this problem. It may not be as profitable as you think it is, but under MI there is a lot of market and so it can be profitable.

- **Follow-up Questions**

**What needs to be improved in Dig Coop applications to maximize acceptance of among 1CISP clients?**

Cooperatives are traditional in doing business; always face-to-face, always relational. The pandemic changed that perception and they have to embrace digitization in some of their operations. The term is Blended digitization since some operations can be digitized, others retained on a fac-to-face basis. It is important to educate and show importance of digitization to cooperatives and on how it can enhance their operations. Digitization vs. automation – digitization is enhancing and improving efficiency. Automation is making machines for you rather than human capacity. In the last 3 months, there has been some success as Digi Coop enrolled 310 coop members and are using this to transact with cooperatives. It is quite a challenge but pandemic did help, on a more positive note.

- **Given now that MSMEs have shifted to online selling, how do you then assess the damage to business interruption?**

That's why we really we have to look into the 3 year experience of MSMEs, especially the micro and small where 1CISP concentrates. Historical figures will tell how much income they lose on daily business due to business interruption. Pandemics are not part of coverage the coverage yet. This is hypothetical but if they shift to online from physical selling, there could be some loss of income but they still can generate income. The coverage will be limited to losses to the time they shut down business and when they resume online, this will not be part of the coverage. This is more of an assumption as this is a first time experience, as the shift of micro enterprises is only happening now in the pandemic. They will have to look into it.

- **During the claim assessment, how long does it take to analyze?**

1CISP look into the basic information from the cooperatives- cash flow, financial statements. Based on the docs submitted to coops, we decide the amount to be covered. If they want to increase coverage, then it is explained that the coverage can't be increased if daily income is not appropriate. It takes 1-2 days they can decide how much. E.g. if there's a man-made catastrophe like fire, the member is interrupted, 1CISP knows the income because these have been filed with them. It is released to the cooperative who in turn releases it to the member. If you are enrolled 300 loss income per day, then you only get paid Php300/day of interruption. The member has to

withdraw it from the cooperative to practice financial discipline for their members who are enrolled in this business interruption. If the entire amount is released, then it is spent immediately and they will have no income in the following days.

- **What then are covered in business interruption insurance**

Covid and pandemics are not part yet. ICISP is looking at it. Coverage are man-made (fire) and natural catastrophes (typhoon, flooding, earthquake). Even if you are not a victim of the fire but your business got interrupted by it then you also get paid.

### **NatRe**

A good example is what they are doing now with IC, PIRA, PCIC and ADB. They have a program which encourages agri-insurance for poor farmers. If you deal with poor, you also deal with MI and small premiums. So you also deal with high transaction costs, the only way is to have your risk concentrated in the same area so transaction costs are managed and that gives rise to geographic concentration of risks. They put into place the facility but another problem is insurance companies need data. And since they not done agri-insurance, basically climate insurance, they have no data to develop the product. While PCIC is the only active insurer for agriculture risks and they have most data and experience, they agreed to help with private insurers to give them more confidence, familiarity, and experience with agri-insurance. There are 3 stages. 1<sup>st</sup> stage, they cede portion of portfolio to NatRe (banana and aquaculture) and NatRe distributes to interested companies in the industry. That gives them an agri portfolio and a better understanding, awareness of it. Stage 2, they become more active participants and help distribute basic product of PCIC which is basically just their loans and only covers cost of farm inputs; it does not cover labor and cost of expected profit. So they distribute the basic product and introduce some enhancements. PCIC still insures the basic product but they add on some benefits like cost of labor and expected profits which they insure directly. By that time, they already have more information and familiarity with the entire process of selling agri-insurance from distribution to underwriting. That's when they develop their own agri-insurance products. So basically, NatRe gives them first the infrastructure to achieve portfolio diversification. For instance, if they work with a farmers group in Ilocos and a typhoon hits then they're done. So they need to diversify the portfolio. NatRe arranges with other companies with exposure in other areas like Visayas, Mindanao, other parts of Luzon, they cede and re-distribute so that all companies have more diversified portfolios.

- **Follow up Question: Is this product parametric or indemnity based and what is the position of sandy on the issue.**

In general, there are risks to parametric especially with small farmers. It is difficult to explain when you have an event, they have a loss and they don't get paid. It's really about an efficient way of handling claims that is closest to traditional. The easiest way to settle claims is parametric but a lot of basis and political risks. Maybe a combination/blended would be interesting. A portion with a small payout but bulk of settlement is traditional. With PCIC, they have infra to settle claims, so easier for us to ride on claim settlement. It can be blended, hybrid where you bundle indemnification. Like Nego Seguro, fire insurance is indemnity. Business interruption when it comes to typhoons is parametric since we follow PAGASA declaration. It can be hybrid or blended as long as it can respond to the need of the members. When a typhoon comes and there is no damage but it's flooded, then you just have to look at the indices agreed upon and pay the business interruption coverage or indemnification.

## **Bao Minh**

We still need foreign expertise and technology to develop appropriate business models. For actuary, we seek the help of reinsurers. Our strength at the moment is the sales network and the intermediaries like agents, brokers, unions. Technology and business models are really the main challenges

**Lead Question No. 3:** *What immediate contributions can you provide to develop MSME shrimp insurance in Vietnam and business interruption insurance for MSMEs in the Philippines?*

## **1CISP**

Business interruption insurance will help immediately micro and small enterprises to tide them over when a man-made or natural catastrophe strikes them in a geographical area or their business. It alleviates the suffering of individual members of cooperatives because most often not, when there is business interruption they borrow money to tide them over and borrow again to restart business. It alleviates the burden during contingent events and tides them over the next few weeks. This is the immediate contribution of a business interruption insurance. 1CISP is looking into incorporating other features like health coverage for business owners for health issues. If they get sick, nobody does the business. It can help them in alleviating problems related to sickness. There is a health coverage they are looking at partnering with a cooperative HMO.

- **Follow-up Question: Which area in working with national government authorities and private insurance sector partners can be further improved to manage catastrophic damages from climate events?**

Government entities and support organizations like GIZ could help us in generating more responsive and useful data for pricing and developing products. With IC, it's a favorable regulatory environment for parametric/blended parametric insurance. GIZ has also been in the forefront in helping the insurance industry formulate guidelines policies regulatory frameworks. These are what we need as we cannot do everything and we need to collaborate with government agencies and support organizations like GIZ in terms of developing products.

## **NatRe**

It's creating an infrastructure so companies can slowly get into this type of insurance cover without fear of losing their shirts because of the concentration of risks in one area. At the same time, allow them to build up portfolio of retail premiums. Best way to do it is industry cooperation so that you share risks with the industry and get a small share in a diversified portfolio of risks from other companies. It can be taken a step further. From what I understand, Vietnam has a problem with respect to underwriting information. They are also uncomfortable with respect to going with so much unknown, in this case shrimp which is subject to catastrophe risks or potential catastrophe loss. Good way to do that is with a diversified portfolio. As mentioned, they are doing a pilot on aquaculture portfolio of PCIC. They would be able to go into aquaculture with companies being comfortable with the amount of retention of they are putting at risk. They come in with a small share since they have a diversified portfolio. Anyway there is a diversified portfolio and the more diversified you are, the more willing you are to risk, the more comfortable you are that you are not going to lose all your money in 1 event. If we could bring the concept of collaboration not only within the country but regionally, that would be interesting.

**Follow-up Question: What hinders insurance companies to add on CDRI to their current MI products?**

Data and costs. Going into climate insurance for micro business means small premiums with high transactions costs. It is important to build collaborations with institutions with existing infrastructure to deal with target clients e.g coops, MFIs, farm distributors, even buyers of farm produce since they have existing financial transactions with the beneficiaries. It is not only with coming up with the product but also collaboration with other keys stakeholders related to the target beneficiaries in order to bring down or manage transaction costs.

What NatRe would want to see is to have all insurance companies actively involved in promoting and distributing CRI. They have to pool risks to achieve better portfolio diversification.

**1CISP on Joining a Pool with other Insurers and Limitations in terms of CDRI within existing MI products they have**

For 1CISP, their advantage is they have the cooperatives as distribution channels. This reduces their distribution and even claim servicing costs. Unlike others that they have to do it by themselves or within themselves. 2<sup>nd</sup>, They are a composite insurers, can do traditional products and CRI/parametric products being blended with traditional ones. They are able to sell traditional products and other products not part of the insurance industry. 1CISP has been doing MI in the last years and Nego Seguro is registered as an MI product. There is no problem incorporating parametric in terms of MI. Reinsurance is also a problem. 1CISP has to design the product that the reinsurers see it as a profitable one because it has a traditional and parametric insurance, they just need to show reinsurers that the basis risk is manageable and we share the same risks. There is no problem as far as collaboration with others insurers or NatRe is concerned. It's just that right now they can absorb the risks and also has a Filipino partner to also absorb the risks. To cite, in the 1 year of existence of Nego Seguro, the claims ratio is only 15%. There is money at the bottom of the pyramid. No problems with insurance pooling as this is being done all over the world to cover big risks that can't be absorbed by 1 or 2 insurance companies. They can participate in the pooling mechanism and suggested that GIZ and the IC could work on the regulatory framework and how to do the pooling together with NatRe.

**Bao Minh**

Our advantage in providing MSME insurance for the shrimp/aquaculture sector is we have good relationships with the local authorities and intermediaries. This service network can go the site very quickly and do loss adjustments. And we also have good cooperation with farmers/growers. Our main challenges are getting effective risk management tools and developing business models.

For our advantage, we can provide the development of MSME shrimp insurance as they have good relationships with local authority and intermediaries. Service network is the advantage of the company – sales network and in case of loss, they can go to the site very quickly and do loss adjustment. And cooperation with farmers; technology and actuarial and other risk management tools, business models, these are the challenges.

## Open Forum

**For 1 CISP:** *What specific data or information and at which quality is required by the MI industry to be able to offer CDRI insurance solutions to MSMEs and the agriculture sector?*

If one of the indices is volume of rain windspeed, then data has to be on municipality level all over the Philippines. It has to be clean data on the various windspeed or volume of rain in the last 25-30 years to determine the trigger that could be designed for this. For example in Mindanao, it rains in Bukidnon, Cagayan de Oro is flooded. So if we pay in Bukidnon as the indices were exceeded, what indices do we need to pay CDO for the flooding? So these are the data that we need so that we can design a more index/trigger specific parametric insurance. It's for every municipality in the Philippines.

**For NatRe:** *How does OASIS flood model address the needs of insurance companies? What are the costs to be expected? How will data be updated historically in the future?*

Basically, as a flood model, it helps insurance companies price the risks. It can also help government in planning by giving a better picture of the risks in specific areas as a guide for policy making. For private companies, it gives them a platform to price their risks, calculate premiums to be charged and potential losses. It should allow companies to have more product development options. One of the ways to bring down basis risks is not to rely only on specific indices but maybe to go on modelled risks. So after a loss, run the model to find out how much loss and make it a basis for claims settlements. It creates different options. So if you shift from strict parametric index based to modelled loss product, the cost would probably go down due to less basis risk. OASIS is open source and probably at a municipal level.

*On collaboration for product development and risk pooling, shall this be led by the reinsurer or insurance association? What advise could you provide to others?*

Either, for example in agriculture. Best source of data would be PCIC so it is best to collaborate with them and let them take lead in terms of pricing. If other brokers or institutions have access to data that is appropriate for the target market, then collaborate with them. What you need is data, if industry has it could lead pricing. In agriculture it's PCIC so they lead the pricing and the insurance industry becomes passive participants at the initial stage until they get a certain level of comfort with respect to their experience and their data. What is important is it should be able to address the concern of having a basis for the cover. For something new, allow companies to have access to capacity but also the ability to limit their losses. Collaborating will allow for a more diversified portfolio from the start.

As to the suggestion of starting the collaboration at the reinsurance level and work downwards, it is possible especially if the reinsurer has a product they are already interested in distributing in the local market. As long as it gives companies a way to get into climate insurance slowly rather than going into something new where you don't have a lot of information, you might get burned. It is good to have a platform to have access to capacities so that you're able to sell more significant volumes but also to a way to reduce net exposure.

**For both 1CISP and NatRe:** *Where do you see the Philippines as being a champion in offering CRI? Can we also make best use of the better educated low income sector on their trust in insurance?*

**1CISP** blazes the trail, looking at MI domain by offering blended business interruption insurance. Somebody has to start it. Around 93% of businesses in the Philippines are MSMEs. There is a market, you just need to design the product just like what we did in MI - understandable, accessible,

and settling claims is easy. A 2 year time frame to popularize blended business interruption insurance, experience with cooperatives and they advantage in terms of distribution, 1CISP can do what they did in MI 10 years ago and move forward in offering business interruption insurance that is parametrically based and blended it with traditional insurance. We have high hopes of doing this. We don't know how much they will lose in the next 2 years but so far it's 15%; so we think we doing the right thing.

**Inputs from GIZ:** Hopefully we get more players in the Philippines who thinks in the same way as 1CISP.

**Inputs from PIRA:** Roy explained it very clearly, the advantage of 1CISP is lower costs because they already have the distribution channels that also helps in claims settlement as well. Traditional companies don't have that. We have to take that into consideration to help other companies more interested in writing this kind of insurance.

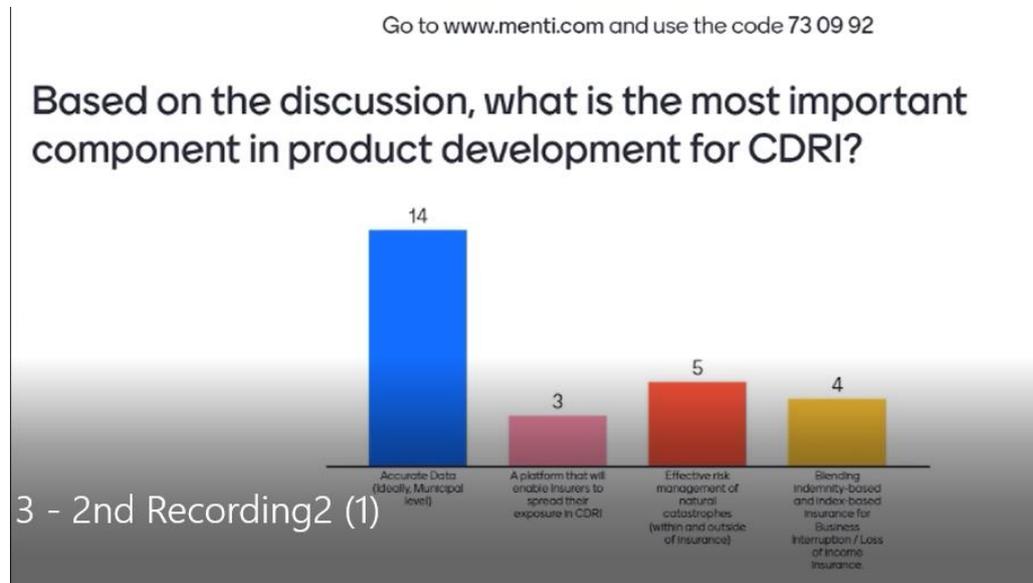
**1CSIP:** Pioneer Insurance's success is due to their partnership with MBAs. For MI, you need the front end and the back end which are the cooperatives and MBAs. It reduces costs because you have partners. This is the advantage of Pioneer with MBAs, 1CISP and Climbs with cooperatives. Other companies don't have the necessary distribution channels so it increases their costs. PIRA can initiate a pooling in terms of geographical area or by interest. Let's say there are companies interested to partner with 1CISP, spread the risks among ourselves. There they can cover more but we can share the risks. This has to have a regulatory framework. GIZ can facilitate the discussion points in doing this. Collaborative effort is needed to promote MI in business interruption and even agri-insurance. This would take a lot of collaboration not only with government but among insurers because we don't share the same context in the industry.

**For 1 CISP:** *What are the main impediments in attracting micro enterprises to join cooperatives and making use of their risk transfer solutions, and how do you address this?*

One of the main impediments in terms of attracting micro enterprises is the processes within the cooperatives. It is very different from microfinance institutions; when you become a member of a cooperative, you need to undergo processes that are inherent to a cooperative. Micro enterprises or their owners do not want to go into these processes. Digitization of processes in cooperatives can change that. you can apply as a member digitally but you have to respond to some questions within the system. So if you fail, you don't get accepted but there is no need to physically attend a pre-membership seminar. But personally, I don't way to disrupt this type of engagement. They have to undergo processes as members as they will not appreciate what cooperatives are. Time and effort have to be invested why you should be part of this processes.

## MENTI Survey

A brief survey using MENTI was administered right after the Open Forum for the purpose of getting an immediate feedback from the participants regarding the topics discussed and their impressions. Three questions were asked as follows:



The results showed that more than half of the respondents consider accurate data is the most important component for CDRI product development.

## What do you think is the driver of CDRI development in Vietnam and the Philippines?



From the discussions in the webinar, the participants see collaboration (among players and stakeholders) as the key driver for effective CDRI product development.

## What other topics on CDRI product development do we need to discuss further? Mentimeter



The above topics were suggested by the participants for further discussions concerning CDRI product development.

A separate survey will be sent to all participants to evaluate other aspects of the webinar.

### Major Takeaways:

- CDRI products for MSMEs are in existence in the Philippines and Vietnam in recognition of the important contributions of the sector to the national economy, the form and sub-sectors covered depends on national priorities and perspectives. Given that MSMEs have limited resources, it comes as an intervention to cover losses due to business interruption caused by natural calamities and allows them to get back faster on their feet.
- In developing CDRI products, granular historical data on a municipal level is necessary to enable insurance providers to design products with accurate indices/triggers especially for parametric insurance.
- Insurance providers were hesitant of CDRI due to losses in past insurance portfolios on similar risks including typhoons, floods and earthquakes. But these can now be more manageable through bundling with other low-risk products, and cross-selling to carry and insure CDRI risks using the earned premium from other insurance lines that were low risk. Pooling of insurance companies as offered by reinsurers also can help in encouraging providers to offer CDRI as it allows them to have diversified portfolios, less exposures, and lower their costs.
- Hybrid or blended business interruption products, incorporating both parametric and indemnity-based features, have good potentials as far as MSMEs are concerned. The parametric aspect could cover the losses brought about by natural calamities and provide immediate relief to the businesses, allowing them to operate again in a relatively shorter period of time. The indemnity portion could cover other calamities such as fire. Such products apparently are also the needs of MSMEs.
- To further spur the growth and development of CDRI for MSMEs, **digitization/use of technology** and **collaboration** among the various players are important. Digitization improves access to clients/markets, improves the efficiency of operations of industry players, and offers convenience to both clients and providers. These were further underscored under the current Covid-19 pandemic as people and businesses are forced to go on-line for their needs. Collaboration, on the other hand, involves: (a) Working with various players in the infrastructure with existing dealings or relationships with enterprises (e.g. cooperatives, MBAs, local authorities, suppliers, among others) not only to gain access to them but to reduce costs; (b) Cooperating with other insurance

providers and reinsurers through pooling, risk and information sharing (c) Having the appropriate regulatory framework for CDRI, just as it was done for microinsurance. Regulators and international cooperation bodies like GIZ would be instrumental for this.

### **Closing Remarks of Mr. Alexander Reyes, NatRe**

*“Dr. Malagardis, thank you for your leadership and the team at GIZ for organizing this. Thank you as well to the co-panelists and all the participants for sharing your insights. Discussions like this are important as they promote a kind of brainstorming and exchange of ideas. These are fresh ideas, best practices, new perspectives that arise from experiences and goals are most easily achieved by taking inspiration by what has been proven successful by others. The need to get started, particularly urgent now with the economic and social consequences of covid-19 which has really affected the economy, leaving the country more vulnerable to climate risks and with govt left with limited resources for post disaster relief. This pandemic makes a compelling reason to act with more urgency. We are faced with the perennial risks of natural calamities and the hardest hit especially now with the corona virus are the poorest of the poor living in high risk areas, including farmers and fishermen. Calamities don’t pick when where and whom it they will hit. But we as insurers and our partners in the development sector such as GIZ and the government can actually choose when to act and the right time to act is now. I hope that a year from now the insurance industry will be known for showing true leadership in this unprecedented crisis by making concrete, profound, and positive impact on all stakeholders. Once again, thank you to GIZ, my co- speakers, and other participants for a fruitful discussion this afternoon. In future webinars this year, I look forward to hearing more updates on our climate risk insurance efforts. And yes Dr. Malagardis, I do believe that the Philippines can be another leader in this aspect. Thank you.”*