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RISK PROTECTION GAP - Risk Mitigating Solutions.

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Presentation Outline.

- ▶ Introduction – Risk Protection Gap
- ▶ Climatic Risk – Flood.
- ▶ Continental Re & PSI - Sustainable Insurance Model.
- ▶ Way forward – The Next thing.
- ▶ Conclusion.

Risk Protection Gap in perspective.

- Risk Protection Gap is the difference between the insurance covers that are economically beneficial to have and the cover that is actually in place should a loss event occur.
- A large proportion of developing-country populations, especially the lower-income groups, are currently uninsured, leaving them squarely in this Risk Protection Gap and therefore financially vulnerable.
- Furthermore, as uninsured loss events materialise, the resources available for buying appropriate insurance cover diminish.
- So, the Risk Protection Gap widens.

Risk Protection Gap in perspective.

- Compounding this challenge are the growing environmental changes, such as climate change, that exacerbate the potential loss exposure of the uninsured.
- We are seeing this already in the form of more frequent and intense storms, flooding and wildfires.
- Once a financial loss has been incurred, the uninsured have to rebuild financial resources from scratch, often calling on the help of an already resource constrained state, thus setting back investments in long-term sustainable development .

Risk Protection Gap – Flood.



➤ **September 2011.**

➤ **After six hours of torrential rain the Eleyele Dam, Ibadan, which provided drinking water to the Nigerian city of Ibadan, could hold back the flow no longer.**

- It was nearly midnight and many people were asleep in their homes. Water poured over the top, flooding everything in its path.
- More than 120 people perished -many of them, women & children.
- According to state government authorities, the reconstruction and building of new bridges, roads and culverts, the required dredging and channelization work would cost N20 billion or \$125m. The state government said it was unable to foot the bill on its own.

Flooding in perspective.



September 2011. After six hours of torrential rain the Eleyele Dam, Ibadan, Nigeria, overflows its banks.

Flooding in perspective - Nigeria.



➤ Sept 18th 2018.

- Nigeria declares 'national disaster' after severe floods kill 100 in several states.
- President Muhammadu Buhari has approved \$8.2 m "for the procurement of medical and relief materials" to help flooding victims, he said.



Flooding in perspective – Cyclone Idai.

The Aftermath of Cyclone Idai in Mozambique and Zimbabwe

- March 15th, 2019, Cyclone Idai, one of the most devastating storms to hit Africa in decades, made landfall in Mozambique with sustained winds of 120 mph (195 kph), damaging or destroying thousands of structures.
- The tropical storm then moved inland, bringing heavy rain and flooding to more parts of Mozambique, Zimbabwe, and Malawi.
- More than 750 deaths are attributed to Idai so far, while thousands remain stranded in remote rural areas.
- International aid is starting to reach the region, while workers struggle to repair roads, restore power, and care for the survivors—with special attention toward preventing cholera outbreaks.

Flooding in perspective – Cyclone Idai.



Continental Re & -Sustainable Insurance Model.



At the 2nd Annual PSI Market Event in April 2019, hosted by Continental Re Plc, in Lagos, Nigeria:-

Dr Femi Oyetunji, Group Managing Director/ CEO of Continental Re Plc, the first African Reinsurer to sign the UN's PSI principles, said:

- “As Risk Managers, Insurers and Investors, the Insurance Industry has an important role to play in making communities and economies inclusive, resilient and sustainable.
- The recent devastation wrought by Cyclone Idai, and now Cyclone Kenneth, is yet another wake-up call for the urgent need for action and collaboration to better manage risk and support sustainable development.”
- The inaugural PSI African Market Event took place in Johannesburg in April 2018 and was hosted by Santam Insurance, the first African insurer to sign the UN's PSI principles.

Continental Re & -Sustainable Insurance Model.



- Dr Oyetunji added: “Whether it’s the cyclones in Mozambique, the droughts and wildfires in South Africa, Ebola and Malaria across the continent, or the floods in several provinces in Nigeria, there is no question, that we must urgently meet the sustainability challenge.
- We are proud to host the 2nd PSI African Market Event in Lagos and look forward to working with our peers in the African insurance industry and the UN to move from awareness to action, and deliver positive impact.”
- With a strong balance sheet and capital base, complemented by a peerless service culture, unrivalled in-house actuarial expertise, a strict Enterprise Risk Management (ERM) framework.
- We are pleased to be part of this ecosystem of initiatives as it demonstrates our commitments to accountability, and transparency in managing environmental, social and governance issues throughout our business.

The Next Thing – Action Points.

- Recognizing the importance of Governments, Public and Private sector, through multi-sector and Public-Private Partnerships to effectively prevent flooding and achieve sustainable development;
- To leverage on Continental Re's membership of UNEP FI in taking the lead, by providing affordable insurances to indemnify households, bodies and firms located in the affected flood mapping zones.
- To work more closely with National and International Emergency Management Agency to fashion out alternative methods of indemnifying losses through insurance/ Reinsurance.
- To be part of the wider international project team, looking at providing sustainable and affordable flood insurance for the management of the disasters, rather than rely on the government bailed-out, which is sometimes not adequate compensation.

The Next Thing – Action Point

- To provides a starting point for discussions with partners in developing a long-term flood Insurance risk management framework through insurance, by PPP initiatives.
- Commission and sponsor research into identifying those high prone areas to flood losses and assess the frequency and severity, to produce a flood Catastrophe model, per area, territories and countries.
- Continental Re offered to be part of any project team, looking at providing sustainable and affordable flood insurance for the management of the disasters, rather than rely on the government bailed-out, which is sometimes not adequate compensation.

