



Summary of Europa Re Special Session

May 30, 2013

*“Developing Earthquake Insurance
Mechanisms in Southeast Europe”*



International Conference on Earthquake Engineering

Europa Re Special Session Features Recent Project Developments and Insurance Technology Solutions for Southeast Europe

14 June 2013 - Europa Reinsurance Facility Ltd. (Europa Re), a special insurance services provider and reinsurance company in the process of formation for Southeast Europe (SEE), organised a Special Session on "Developing Earthquake Insurance Mechanisms in Southeast Europe". The event took place in Skopje, FYR of Macedonia as part of the SE - 50EEE (International Conference on Earthquake Engineering) on May 30, 2013. It successfully brought together over fifty participants from the local insurance industry and government agencies. Delegates from the World Bank, the Swiss State Secretariat for Economic Affairs (SECO) and the United Nations International Strategy for Disaster Reduction (UNISDR) also attended the session.

The Special Session comprised a panel of internationally acclaimed catastrophe insurance experts, risk modellers, local market practitioners and providers of advanced GIS technologies. The event has been organised as the first preview of the upcoming launch of Europa Re regional catastrophe (re) insurance program that would enable homeowners, businesses, governments and farmers in the region to receive access to Swiss quality affordable and reliable catastrophe insurance protection - covering earthquake, flood and extreme weather perils. The main objective was to showcase the ongoing work behind Europa Re web-based insurance market technologies as the backbone for the Facility's cutting - edge catastrophe insurance products.

The conference was opened by Dr. Klime Poposki, President of the Council of Experts, the Insurance Supervision Agency (ISA) in FYR of Macedonia and Dr. Laszlo Lovei, Sector Director for Europe and Central Asia - ECSSD. In his opening speech Dr. Poposki emphasised the need for developing sufficient catastrophe insurance market in FYR of Macedonia and the agency's commitment to raise public awareness about natural disaster risks and to ensure successful implementation of Europa Re insurance market solutions. Dr. Lovei discussed the practical benefits of introducing effective disaster risk financing instruments to reduce SEE countries' vulnerability to natural catastrophes. He also expressed the World Bank continuous support for the SEEC CRIF (Southeast Europe Catastrophe Risk Insurance Facility - Europa Re) with the view of establishing sustainable disaster risk framework to mitigate the adverse consequences from catastrophe hazards.

Over the four hour conference, panelists presented in detail Europa Re key catastrophe insurance solutions for the SEE region. The first part of the session featured an overview of Europa Re project progress in FYR of Macedonia and the Facility's risk management/catastrophe response technologies, focusing on three core technology pillars: a) high resolution earthquake and flood risk models, b) web-based community risk assessment application (CATMonitor) and c) remote sensing technology in claims management.



Dr. Laszlo Lovei



Dr. Klime Poposki (Co-Chair) and Dr. Eugene Gurenko (Chair)



Europa Re Exhibition Stand at SE-50EEE

Regarding the implementation activities in FYR of Macedonia, Europa Re is currently working with the Ministry of Agriculture on a pilot project to develop suitable agricultural insurance products in line with the country's insurance subsidy scheme. The design of Europa Re earthquake and flood indemnity insurance products is already completed. Further arrangements are underway with the ISA and the local insurance industry to fine-tune the Facility's insurance products in order to meet mass consumers' preferences. The Europa Re team also finalised a strategic concept for promotion of catastrophe insurance and raising public awareness about natural disaster risks. Jointly with the Macedonian government, Europa Re will implement national public information campaigns to increase the demand for financial protection against natural catastrophes.

Panelists thoroughly explained the first core technology pillar - Europa Re risk models. High-resolution catastrophe risk models to estimate local insurers' risk exposures to flood and earthquake in SEE are non-existent. Without such models local insurers cannot properly manage catastrophe insurance portfolios. As a result, catastrophe insurance products for the public at large are simply not available for the aforementioned perils. Homeowners, small and medium size enterprises, farmers and governments are all left exposed to risks for which they have no protection, while local insurers miss the opportunity to develop mass markets in catastrophe risk insurance product lines. Europa Re catastrophe risk models for Albania, FYR of Macedonia and Serbia will change the current market situation. These sophisticated models will provide reliable pricing of catastrophe risks for local insurance companies based on seismic and flood risk quantification processes calculated by combining industry exposure databases, vulnerability and hazard functions.

The discussion on the second pillar - Europa Re web-based community risk assessment application (CATMonitor), stressed the need to increase public awareness about catastrophe hazards. CATMonitor will be introduced as free, publicly available interactive website for disaster risk monitoring and awareness building. Its main objective is to directly engage homeowners, businesses, farmers, governments and risk managers by offering them the real means to visualize earthquake and flood hazards, estimate property risk exposure to earthquake and flood and access property loss information before and after natural disaster events. CATMonitor introduces a crowdsourcing module as an additional feature which

invites users to contribute information about important public buildings, such as schools and hospitals, in their community. This service will enable aggregation of important databases about community assets that could significantly improve local and national risk assessment practices. Complementing Europa Re initiative to provide public education about natural disaster risks, CATMonitor is a modern application that facilitates public awareness and mitigation of catastrophe hazards.

The session also emphasised the importance of the last pillar - remote sensing technology in claims management. Utilisation of satellite and aerial images will enable quick claims processing and efficient claims payout system in case of large natural disasters. For the first time, consumers will receive quick, transparent and reliable claims settlement services. By using Europa Re claims management system local insurance companies will considerably reduce claims processing times, increase the quality and effectiveness of claims handling, reduce claims handling costs and most importantly enhance the transparency of their claims processes. This in turn will improve both the consumer experience and public perception about the insurance industry.

To commemorate the 50th anniversary of the 1963 Skopje earthquake, several speakers in the session used this historic event to demonstrate the innovative features of Europa Re technology-driven risk management package - provision of scientific risk information on natural hazards to insurance companies, industries, governments and communities. All of the aforementioned risk applications are developed by highly specialised experts using country specific databases and historic information collected from SEE governments and research organizations.

During the second part of the session presenters discussed Europa Re country initiatives - from the point of view of the local insurance industry. Regarding national regulatory work, Europa Re risk based supervision (RBS) regulatory model is expected to introduce risk management practices at industry level that will automate and improve reporting requirements for insurance companies in FYR of Macedonia. The ISA and Europa Re are working closely to fulfill all requirements for implementation of the innovative RBS model that will be supported by regulatory frameworks conducive to the development of catastrophe insurance market in the country. Europa Re aims to change the current situation which indicates that catastrophe and weather risk products have less than 3 per cent market share of the total gross written premium. From a local insurance company perspective, partnership with Europa Re will provide significant cost reduction from automated back office operations, transfer of know-how and expertise to insurers' sales networks and claims reporters, access to innovative catastrophe risk products, competitive reinsurance terms and joint promotional strategy to increase the demand for catastrophe insurance coverage. Europa Re high resolution catastrophe risk models for the SEE region and the new perspective on claims management are expected to significantly improve local insurers' position, hence enabling them to expand their market shares in the local catastrophe insurance industry.

Dr. Eugene Gurenko closed the Special Session with the following remarks: "I would like to thank all of you for coming to this session and I hope that the topics covered provided useful information on the Europa Re project progress and the technology behind it. I would also like to thank the Europa Re team for organizing this successful event. The World Bank will continue supporting this highly promising project, which is expected to go live with all the systems in 6 to 8 months".

Commenting on his impressions after the conference, Dr. Poposki explained: "The positive experience from this session and all the latest information communicated to the audience clearly indicate that the project is progressively advancing towards its major milestone - the launch of Europa Re operations. The ISA is fully supportive of this initiative and will continue working closely with the Europa Re team in the following months to facilitate the creation of viable catastrophe insurance market in Macedonia".

As part of SE-50EEE, Europa Re also had a fully branded exhibition stand for a three day demonstration of the live demo version of its soon to be launched web-based community risk assessment application (CATMonitor).

To view Europa Re Special Session *Agenda* [click here](#).

To view information on the *Speakers* at Europa Re Special Session [click here](#).

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