



FOR IMMEDIATE RELEASE

17 November 2021

PCRIC Engages in Talks on Risk Pools and Smart Premiums at the InsuResilience Global Partnership

The Pacific Catastrophe Risk Insurance Company (PCRIC) was part of an Annual Forum hosted by the InsuResilience Global Partnership (IGP) from 28th to 29th October, 2021.

The IGP Annual Forum is the opportunity for their members to showcase what has been accomplished throughout the year, reflect on challenges, trigger change and inspire action for the year ahead.

PCRIC's CEO, 'Aholotu Palu, participated as a panellist in two sessions: 'Risk Pools in Focus' and 'Moving the Needle on Premium and Capital Support.' The predominate goal of these sessions was to explore what is required to strengthen global risk financing architecture, which in turn, promotes higher levels of adaption and greater resilience.

The Risk Pool session was a specially organised platform designed to facilitate a dialogue between leaders of highly influential sovereign risk pools around the world. In this session, the panellists reflected on the successes and challenges they faced, with a special look at the lessons learnt from the COVID 19 pandemic within their own respective risk pool regions.

After addressing PCRIC's unique history, its current situation and what lies ahead, Mr. Palu emphasised that they will support Pacific Island Countries' disaster risk financing insurance priorities based on a 'scalable solution' that is premised upon three key areas, namely:

- Scaling Up – PCRIC's role as a policy influencer in the Pacific region
- Scaling Out – PCRIC applying its persuasive messaging to all sectors of the economy
- Scaling Deep – PCRIC performing as the catalyst to change mindsets from reactive to proactive

Already set in motion, PCRIC's highly strategic 'Scaling' agenda dovetails quite closely with one of the Forum's key objectives, namely, "to raise ambition and set standards on the successful implementation of Climate and Disaster Risk Finance and Insurance solutions that deliver effectively for poor and vulnerable people."



Mr. Palu further elaborated on how Pacific countries face an enormous challenge with regards to the affordability of insurance products, especially dedicating significant amounts towards a new and untested product, to protect against disasters.

“Severe disasters are very frequent, and there is consistently a need for meaningful payouts to support post-disaster relief and recovery in our region. The frequency and severity of natural disasters is further exacerbated by climate change,” he shared.

One tactic for Pacific nations to reduce their financial burden lies with Risk Pools, a practice that has already taken deep hold with other disaster risk financing platforms. This risk-sharing mechanism is an incredibly powerful tool to achieve more proactive disaster risk management, streamlining donor support after a disaster while simultaneously giving countries more autonomy to ensure post-disaster funding is spent effectively.

Mr. Palu explained that, *“risk pools are a catalyst that mobilises resources to provide parametric insurance coverage in a speedy payout. But really, what risk pools are trying to do is encourage long-term development gains.”*

“This is the underlying theory of change we are trying to address, i.e., better preparedness and proactive response saves lives and livelihoods and makes better use of donor support,” he continued.

PCRIC is working closely with IGP to incorporate smart premiums and ensure that these underlying concepts are woven into the overall PCRIC strategy, specifically its premium finance approach. Smart premiums are a one-off payment investment-linked insurance program that guarantees capital.

But in the end, premiums will still need to be paid and donors can greatly facilitate this shift to greater sovereign accountability by infusing resources that encourage and develop this self-reliance.

“We need to work with donors to understand their perspectives and goals and then ensure our products are aligned with those goals. This is the key to achieving donor support both for premiums but also programs such as PCRIC more generally,” noted Mr. Palu.

He continued saying that, *“Premium finance can provide a way for the products to be tested and build confidence amongst the countries that these kinds of insurance programs can and do work.”*

PCRIC is a dedicated regional provider of specialist disaster risk finance services and is owned by the island nations of the Pacific.



PCRIC provides technical assistance, specialised collaborations and innovative products to help the Blue Pacific Continent better prepare, structure and manage finances to foster disaster resilience. The end result is to ensure rapid access to unencumbered liquid funds in post disaster situations, when nations need it the most.

For more information, please contact:

ceo@pcric.org or aholotupalu@yahoo.co.uk

-ENDS-

