



FOR IMMEDIATE RELEASE

## **PCRIC Reaches out to PNG Following Earthquake**

**Rarotonga, Cook Islands, 15 September 2022:** As the region's own specialist provider of sovereign Disaster Risk Management solutions for Pacific Island countries, the Pacific Catastrophe Risk Insurance Company (PCRIC) was concerned to hear of the devastating 7.6 magnitude earthquake which struck Papua New Guinea (PNG) on Sunday morning.

Speaking to members of the PNG government, PCRIC CEO Mr. Aholotu Palu expressed condolences for those impacted both by loss of loved ones and damage to homes, businesses and property. *"Natural disasters are sadly a common experience for many of us who call the island nations our home. Our concerns and sympathies are with all impacted by this event"*, he said.

Although PNG does not currently hold an insurance policy with PCRIC, recognising the impact an earthquake could have had in a highly populated area, Mr. Palu made an offer of technical assistance to help the government and administrators better understand options available for improved Disaster Risk Management and Disaster Risk Finance. PCRIC has since provided PNG with a policy explanation note, outlining PCRIC's existing products which provide financial payouts in the immediate aftermath of a crisis to assist with the provision of rapid relief to those affected.

One of PCRIC's strengths is the technical capability to develop tailored products for specific needs. Mr. Palu, explained that, *"if the Government of PNG should desire the security of a payout directly following an earthquake of particular magnitude which impacts a pre-defined area (e.g., a magnitude 6.0 earthquake impacting Port Moresby), then PCRIC could develop such a product and provide indicative pricing, very quickly."*

The goal of the product is to provide timely payouts when earthquakes impact key economic centres. The payout will be higher when an earthquake hits a more populated area where there will be a greater impact on buildings and infrastructure.

The costs of this type of policy and other disaster risk products vary on a case-by-case basis, but are minimised through PCRIC's innovative regional risk-pooling insurance program. This leverages both donor finance and international insurance markets to provide payouts after disasters which can be up to 10-times the typical annual premium cost.

A further benefit of a PCRIC policy is that the payout made against a claim can often be the very first funds accessed to respond to a disaster, without the need to redirect public finance away from other critical services or projects.



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