

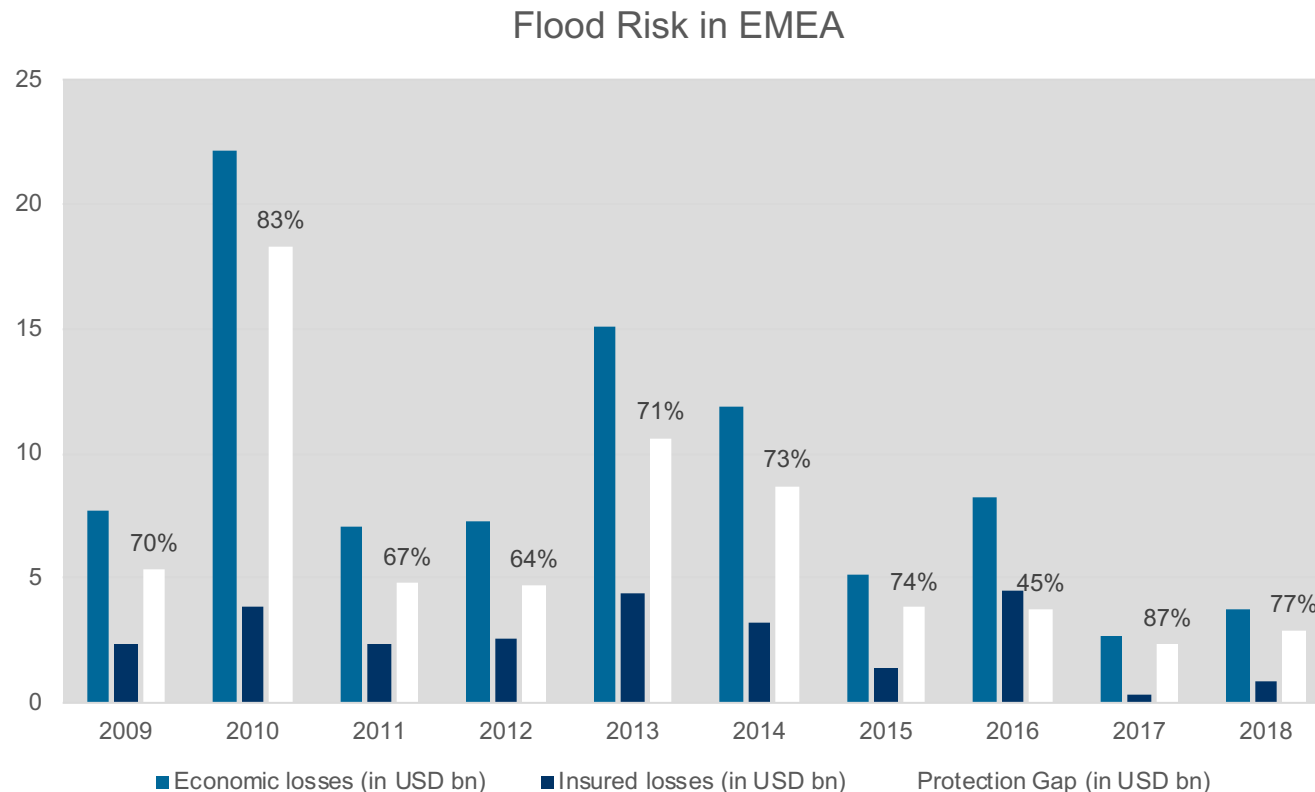
Protection Gap Entities: Challenges and opportunities in a changing environment



Professor Paula Jarzabkowski
Dr Konstantinos Chalkias
Dr Eugenia Cacciatori
Dr Rebecca Bednarek

Catastrophic Risk: Are we Protected?

- ❑ Annual flood losses to increase 5-fold by 2050 and up to 17-fold by 2080 (EEA)
- ❑ Events such as the 2013 European floods to increase frequency from once every 16 years to a probability of once every 10 years by 2050 (Jongman et al, 2014.)
- ❑ 2/3 due to socioeconomic growth & 1/3 from climate change

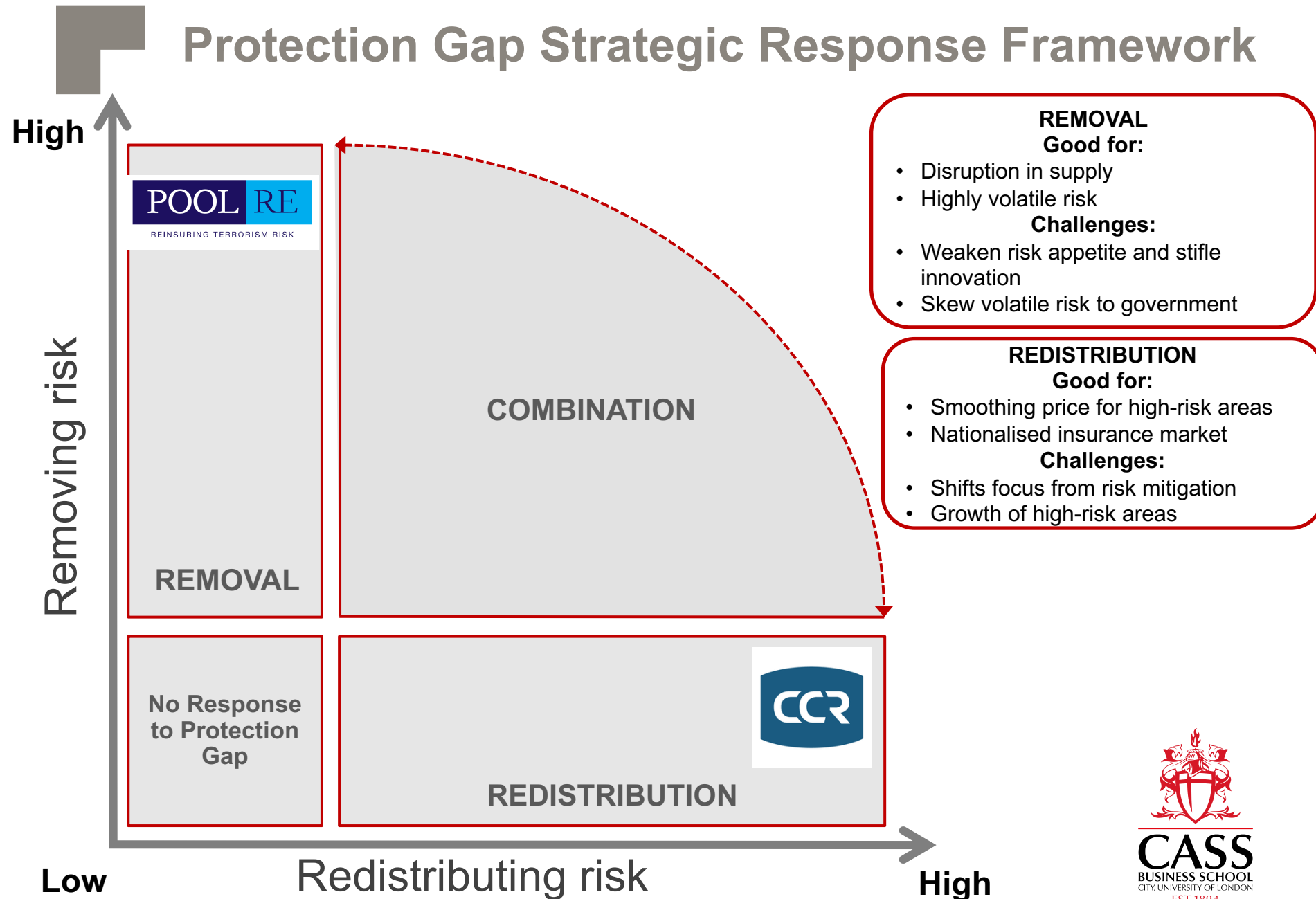


Protection Gap Entities (PGEs): Marrying market & social objectives

- ❑ Entities set up to bring global capital to cover local gaps
- ❑ Complex: Uneasy 'truces' between government, markets, and other stakeholders with different objectives and technical understanding
- ❑ Brought about by government legislation to
 - Resolve disruption in supply
 - Mitigate the threat of unaffordable insurance
 - Increase financial resilience to disaster in fragile economies

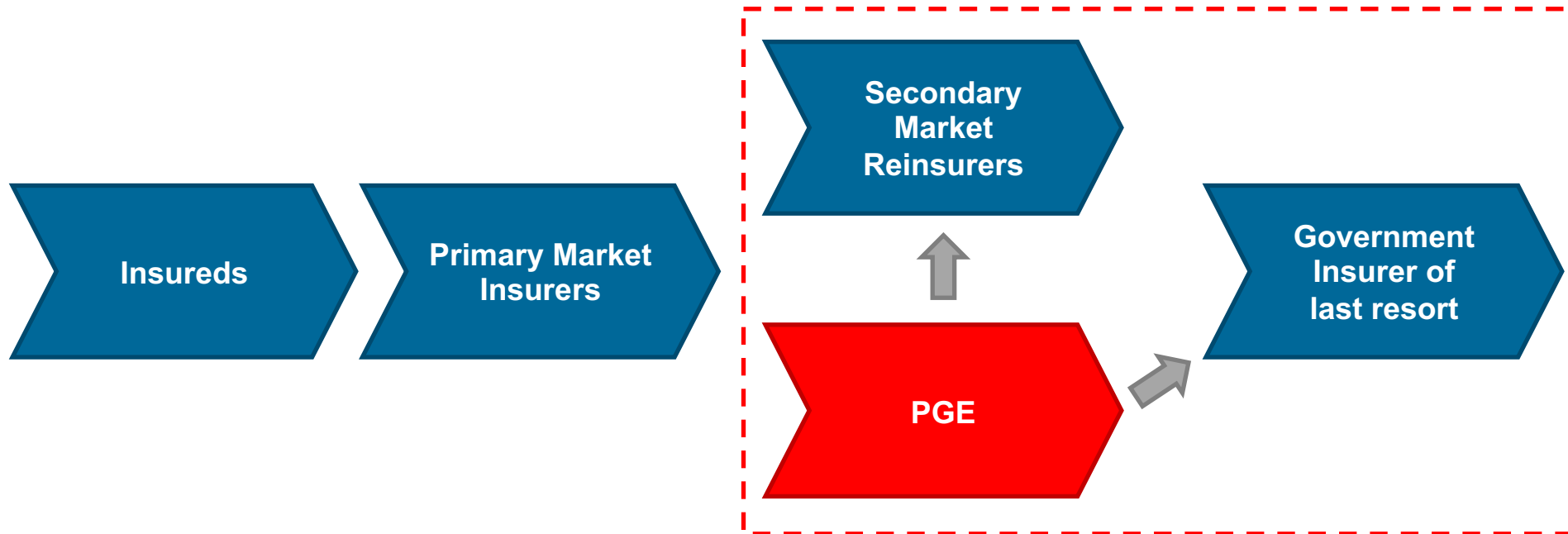


Protection Gap Strategic Response Framework





The Reinsurer PGE



Best for:

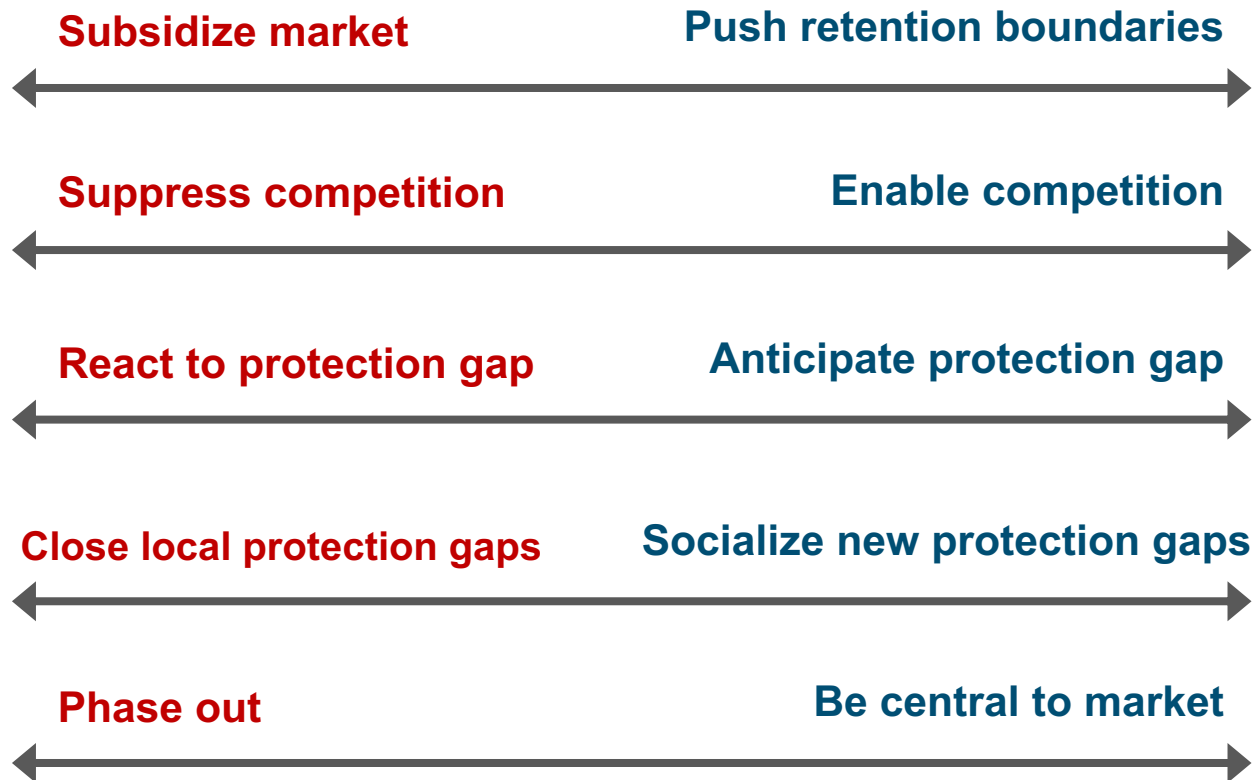
- Responding to fluctuations in supply
- Moving between risk redistribution & removal



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What is success for a PGE?





Some critical questions for PGEs



- ❑ Insuring the “uninsurable”: increasing frequency and severity
- ❑ Generating the ‘virtuous circle’ of financial and physical resilience
- ❑ The ‘heavy hand’ of government **and** the invisible hand of the market?
- ❑ I have a dream

Some homeowners will be compensated by the national flood-insurance programme, which is subsidised by the government, in effect paying people to live in areas at high risk of flooding” (Economist, 22/09/18: 53)

I was very disappointed by the small number of flood insurance policies in force in North Carolina. ... Unfortunately, these people that think they may have coverage when they file those homeowners claims are going to find out floods aren’t covered. (North Carolina Insurance Commissioner, Insurance Journal, 25/09/18)



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