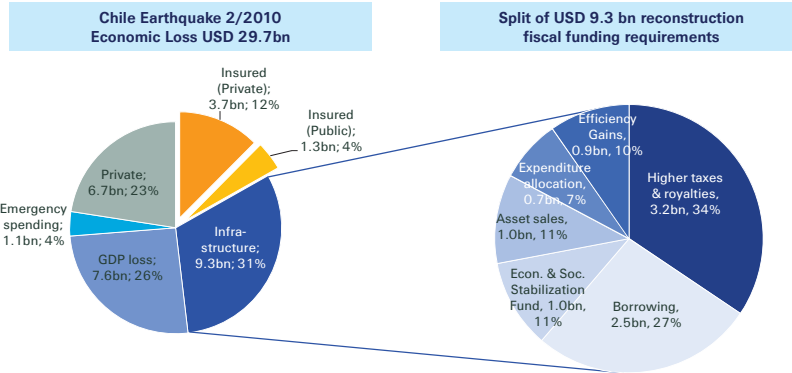
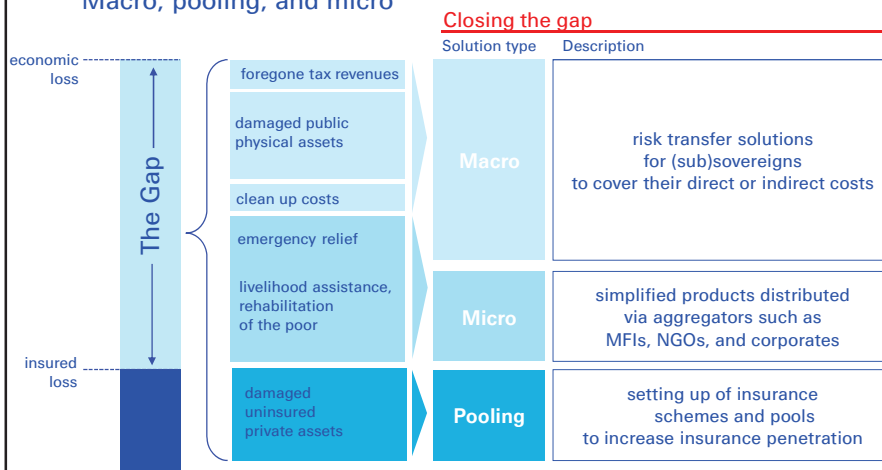


The gap – who suffers? Example of Chile earthquake



■ Insurance is an alternative to borrowing and tax increases


Risk transfer: progress required on all fronts Macro, pooling, and micro





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Case study Mexico: MultiCat - Funding for immediate relief efforts after disasters



Solution features

- Insured perils: Earthquake and hurricane
- Payments to be used for immediate emergency relief after a disaster
- Parametric catastrophe bond: USD 315 million
- Trigger type: Index
 - Earthquake: physical trigger (quake magnitude)
 - Hurricane: physical trigger (barometric pressure)
- Time horizon: October 2012 – November 2015
- Renewed cat bond launched through the World Bank’s MultiCat facility and third cat bond for Mexico

Involved parties

- Insured: Fund for Natural Disasters (FONDEN) of Mexico
- Reinsured: AGROASEMEX S.A.
- Arranger: World Bank Treasury
- Swiss Re: Co-lead manager and joint bookrunner

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Case study Uruguay: Largest Energy Risk Transfer to Protect Against Drought Risk



Solution features

- Insured peril: Drought
- Payments to be used to purchase energy from alternative sources when drought conditions cause lack of hydro power
- Derivative contract: between UTE, Uruguayan state-owned hydro-electric power company, and World Bank Treasury. Risk is then placed in the market
- Payment mechanics:
 - Trigger: Level of rainfall monitored at weather stations
 - Settlement: Market price of Brent crude oil
- Time horizon: January 2014– July 2015
- Transaction Size: USD 450 million
- Largest of its kind in the weather risk management market

Involved parties

- Client: UTE (Uruguayan state-owned power company)
- Arranger: World Bank Treasury
- Risk Takers: Swiss Re and Allianz

Case study Turkey: Turkish Catastrophe Insurance Pool (TCIP)

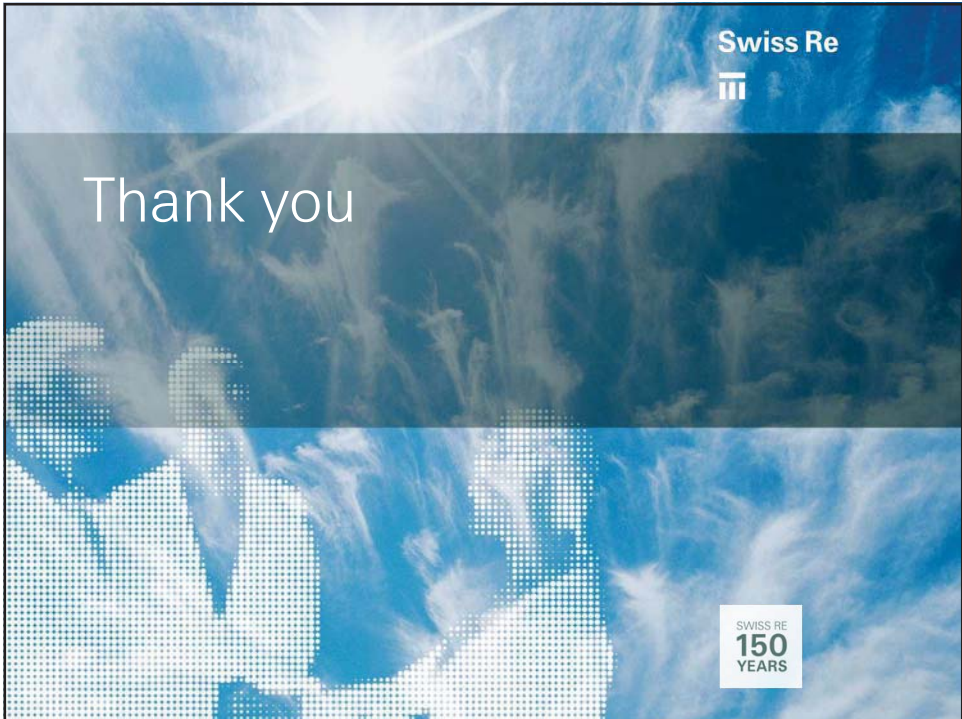


Solution features

- Payments used to offset the economic costs of earthquakes
- Insured peril: Earthquake
- Insured assets: Private residential dwellings
- Funding: Compulsory premiums paid by homeowners; policies distributed by Turkish non-life insurers
- Effect: Significantly increased penetration of earthquake coverage in Turkey
- Policy coverage:
 - Limit of TLY 140,000
 - 2% deductible
 - Additional cover can be bought from private insurers

Involved parties

- Insurance supplier: TCIP/DASK, a legal public entity
- Operational pool manager: Eureka Sigorta
- Distributors: 30 local insurance companies
- Reinsurers: Swiss Re and other overseas reinsurers



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