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What has globalization brought us?

• Economic growth

• Millions of people have escaped poverty

• Inter-related economies and cross-border supply/value chains
Look at the other side of the coin

- Aggravated divide between urban and rural, among regions and nations
- Accumulated property value and exposures in large urban area
- Densely populated urban areas in developing and emerging economies
- Environmental damages, high CO2 emission, global warming, climate changes and natural catastrophes have increased in frequency and magnitude
- Pandemics spread more rapidly around the world
The Age of Globalization is the Age of Coordination and Collaboration

◆ We are already in many practices of collaboration

  • Developing countries are already integral partners of inter-related economies and cross-border supply/value chains

  • Importance of risk management and BCM are shared by all the supply chain partners

However, we need renewed collaboration and coordination to cope with catastrophic risk
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Private Sector

- BCM of Life line
- Evacuation Drill

Public/Government Sector

- Distribution of Hazard Map
- Building Code
- Regulation on Land Development
- Early Warning System for Tsunamis
- Disclosure of risk information

Pre-event, Tax-deferred Reserve

- Reinsurance
- Securitization
- Risk sensitive pricing and underwriting
- Incentive of risk improvement embedded in insurance programs
- Cat risk modeling
- Enterprise Risk Management

Campaign to enhance public awareness of natural hazards

- Driver to BCM under just-in-time supply chain
- Risk-based capital requirement

Promotion of education against risk (risk literacy)

Risk Finance

Government's Support as Reinsurer

Loss Prevention, Risk Management

Wake up call: "Global Warning"

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Collaboration between;

- Private sector and public sector (including reinsurance, pool and tax incentive for reserves)
- Risk finance and loss mitigation/risk management
- Government agency and other government agency
- Insurers and community/NGOs
- Insurance market and capital market
- “Micro-insurance” and insurance/reinsurance market
International collaboration; global cooperation against global issues

- Exchange of best practices
- Deployment of warning systems against Tsunamis, Windstorms and Hurricanes
- What role can be played by international insurers, reinsurers and providers of RM services?
Situations of the developing/emerging economies

- We can't generalize the situation
- Sharp contrast in economic growth between LDCs and emerging economies; between urban and rural: by region by region
- Lower insurance penetration in rural areas and necessity to enhance risk awareness and risk mitigation
- Region specific risk profiles; earthquakes, floods, landslides and windstorms
What should we do toward our final goal?

1. Disaster resilient society and economy
2. Enhanced risk awareness and risk literate society
3. Internationally and regionally well coordinated implementation of measures to cope with Cat Risks
Discussion