

**CONFERENCE ON CATASTROPHIC RISKS  
AND INSURANCE**

**22-23 November 2004**

**AGENDA**

*To be held at the OECD Headquarters, 2 rue André Pascal, 75016 Paris, starting at 9:00 a.m.*

*This event is supported in part by a financial contribution from the Government of Japan.*

*For further information on this conference, please contact Cécile Vignial, Financial Markets Division ([Cecile.Vignial@oecd.org](mailto:Cecile.Vignial@oecd.org)), or Yosuke Kawakami or Morven Alexander, Outreach Unit for Financial Sector Reform ([Yosuke.Kawakami@oecd.org](mailto:Yosuke.Kawakami@oecd.org) or [Morven.Alexander@oecd.org](mailto:Morven.Alexander@oecd.org))*

## DRAFT AGENDA

*The last few years have witnessed a number of very large-scale disasters. Some were the making of terrorists, including the attacks of 11 September 2001 in the United States and the 11 March 2004 Madrid bombings. Others were natural disasters, including the tropical storm Allison in 2001 in the US, the severe floods across large parts of Europe in summer 2002, the May 2003 earthquake in Algeria, the Bam earthquake in December 2003 or the hurricanes and typhoons in the Caribbean, US and Asia in summer and fall 2004.*

*The frequency of such disasters and the magnitude of the losses involved have tended to increase since the late 1980s, and there are strong grounds to believe that this trend will continue in the future. The losses involved in such catastrophes pose a serious challenge to governments, policymakers and a wide range of private sector players, including insurance and reinsurance companies. This challenge is both operational (major risks translate into a convergence of innumerable claims that need to be filed, assessed and processed within a short time frame) and financial (very large losses have to be compensated at short notice). 11 September 2001 events have stimulated reflection by governments and the private sector on ways to cope with the threat of future catastrophes of comparable or even greater magnitude.*

*The OECD conference on “Catastrophic Risks and Insurance” will address several facets of these issues. The first three sessions of the conference will focus on the insurability of catastrophic risks, the extent to which global financial markets can offer additional source of capacity, and the potential role for governments in the management of large-scale disasters. Natural disasters, terrorism attacks and/or technological catastrophes will be discussed in each session to highlight the potential similarities or differences in the nature of these risks and the technical approaches available to manage them.*

*The sessions will be structured around presentations by keynote speakers, followed by commentator presentations illustrating the main issues for discussion through a risk or country focused analysis, and/or from the viewpoint of a specific actor: (re)insurer, broker, modeling firm, rating agency, industry federation, research institution, or government agency. The floor will then be open for questions and discussion.*

*The last session will allow for a free discussion of a summary of OECD conclusions on the issue of terrorism risk compensation, drafted in response to a 2002 ministerial mandate<sup>1</sup>, and help identify possible priority areas for research on catastrophic risk compensation in 2005-2006.*

*This conference is organized on the occasion of the 74<sup>th</sup> Session of the OECD Insurance Committee.*

---

1. “We recognise the adverse effects of the shrinkage of affordable insurance cover for terrorism risks. We would welcome OECD policy analysis and recommendations on how to define and cover terrorism risks and to assess the respective roles of the insurance industry, financial markets and governments, including for the coverage of “mega-terrorism” risks”. See OECD Council at Ministerial Level, 15-16 May 2002: Final Communiqué PAC/COM/NEWS(2002)58. A Task Force has been created to assist the Insurance Committee in the implementation of this mandate. Several experts have also been commissioned to report on the main issues raised in the mandate. These comprehensive reports will be presented at the conference.

## Monday 22 November

9.00-9.30	<p>Opening remarks, introduction to OECD activities on the financial management of catastrophic risks, including terrorism.</p> <p><b>Richard Hecklinger, Deputy Secretary General, OECD</b>  <b>Kurt Schneider, Chair of the OECD Insurance Committee, Conference chair</b></p>
-----------	--

### Session 1: Insurability of catastrophic risks

*Chair: Gérard de La Martinière (CEA, FFSA)*

9.30-10.40	<p><b>Keynote speakers :</b></p> <ul style="list-style-type: none"> <li>- Economics of catastrophe risk insurance <b>Christian Gollier (University of Toulouse)</b></li> <li>- Insurability of terrorism risk: challenges and perspectives <b>Howard Kunreuther* and Erwann Michel-Kerjan* (Wharton School, University of Pennsylvania)</b></li> <li>- The case of industrial and technological catastrophes <b>Christian Lahnstein (Munich Re)</b></li> </ul>
10.40-11.00	Coffee break
11.00-13.00	<p><b>Round table discussion</b></p> <p><i>Opening comments:</i></p> <ul style="list-style-type: none"> <li>- Recent trends in the catastrophe risk insurance/reinsurance market <b>Patrick Murphy O'Connor (Benfield)</b></li> <li>- Role of the reinsurance industry in the management of weather related risks <b>Peter Zimmerli (Swiss Re)</b></li> <li>- Issues and options in the management of terrorism risk through insurance <b>Robert Reville (Rand Corporation)</b></li> <li>- Current state of the coverage for war and terrorism risks - including NBC - in the aviation sector <b>Eugene Hoeven (IATA)</b></li> <li>- Free market solutions for terrorism risks coverage <b>Ben Garston (MAP Underwriting and Lloyd's Terrorism Panel)</b></li> <li>- Improving insurability and affordability: the role of insurance in hazard identification, risk assessment, risk prevention and mitigation for industrial/chemical accidents <b>Satyananda Mishra, IAS, Disaster Management Institute, Bhopal (Government of Madhya Pradesh, India)</b></li> </ul>
13.00-14.45	Lunch

## Session 2: Financial market solutions to manage catastrophic risks

Chair: *Gordon Woo (RMS)*

14.45-16.30	<p><b>Keynote speakers:</b></p> <ul style="list-style-type: none"><li>- International financing solutions to catastrophic risk exposures <b>Torben Juul Andersen* (Copenhagen Business School)</b></li><li>- The use of risk linked securities to manage catastrophic risks, including terrorism <b>Christian Mumenthaler (Swiss Re)</b></li><li>- Current challenges in terrorism risk securitization <b>Gordon Woo (RMS)</b></li><li>- Financing Catastrophic Risks in non-OECD Countries: Challenges and Perspectives <b>Reinhard Mechler (IIASA)</b></li></ul>
16.30-16.50	Coffee break
16.50-18.00	<p><b>Round table discussion</b></p> <p><i>Opening comments:</i></p> <ul style="list-style-type: none"><li>- Current market trends for catastrophe bonds and risk kinked securities <b>Christopher McGhee (MMC Securities, Guy Carpenter)</b></li><li>- The potential for new risk transfer instruments to cover terrorism risks <b>Michele David (The Bond Market Association)</b></li><li>- Rating agency's perspective on catastrophe bonds and risk linked securities <b>Rodrigo Araya (Moody's)</b></li></ul>
18:00	Cocktail hosted by OECD

## Tuesday 23 November

### Session 3: Role of governments and development of public-private partnerships for catastrophe risk management

*Chair : Ignacio Machetti (Consortio de Compensación de Seguros)*

9.00-10.30	<p><b>Keynote speakers:</b></p> <ul style="list-style-type: none"> <li>- Role of governments in natural catastrophe risk management and financing in OECD countries <b>Paul K. Freeman (University of Denver)</b></li> <li>- Catastrophe insurance programs in emerging countries: field experience <b>Eugene Gurenko (World Bank, Financial Sector Operations and Policy Department)</b></li> <li>- Potential role for governments in terrorism coverage <b>Dwight Jaffee* (Haas School of Business, UC Berkeley)</b></li> <li>- Public-private partnerships to cover terrorism risks in OECD countries <b>John Cooke* (International Economic Relations Consultant, London)</b></li> </ul>
10.30 -10.50	Coffee break
10.50 -11.30	<i>Round table discussion</i>
11.30 – 13.00	<p><b>Country reviews, lessons to be drawn:</b></p> <ul style="list-style-type: none"> <li>- Role of the US government in the prevention and mitigation of terrorism risks <b>Robert Liscouski (Infrastructure Protection Office, Department of Homeland Security, USA)</b></li> <li>- Disaster risk management policy in Japan <b>Kazuhiro Kawachimaru (NIPPONKOA Insurance Company Ltd)</b></li> <li>- The Spanish experience in the management of extraordinary risks, including terrorism <b>Ignacio Machetti (Consortio de Compensación de Seguros)</b></li> <li>- A Stakeholder Approach for Developing a Public-Private Partnership: the Hungarian case <b>Reinhard Mechler (IIASA)</b></li> <li>- Disaster risk management policy in China <b>Yuanchang Zheng and Jianguo Mu (Department of Disaster and Social Relief, Ministry of Civil Affairs)</b></li> </ul>
13.00-15.00	Buffet lunch at the OECD headquarters

15.00 – 16.15	<p><b>Country reviews, lessons to be drawn (cont'd):</b></p> <ul style="list-style-type: none"> <li>- The French experience in natural catastrophe risk management <b>Suzanne Vallet (Caisse Centrale de Réassurance)</b></li> <li>- Earthquake risk management policy in Indonesia <b>Werner Bugl (PT Asuransi, MAIPARK Indonesia)</b></li> <li>- Disaster risk management policy in Mexico <b>Carlos Bayo Martinez (FONDEN)</b></li> <li>- Disaster risk management policy in the Philippines <b>Ronald I. Flores (Department of National Defense, Office of Civil Defense, National Disasters Coordinating Council)</b></li> <li>- Management of extraordinary risks, including terrorism, in India: achievements and perspectives <b>D. Madan (Under Secretary, National Disaster Management Division, Ministry of Home Affairs, Government of India)</b> <b>C. S. Rao (Indian Insurance Regulatory and Development Authority)</b></li> </ul>
16.15-16.35	Coffee break

#### Session 4: Recommendations

16.35-17.45	<p><b>Round table discussion:</b></p> <ul style="list-style-type: none"> <li>- <i>compensation of terrorism risk: summary of OECD conclusions</i></li> <li>- <i>financial management of catastrophe risk: priority issues</i></li> </ul>
17.45-18.00	<b>Closing remarks</b>

---

\*: Experts for the OECD Task Force on Terrorism Insurance