

## CONCEPT NOTE

### **DISASTER RISK INSURANCE DIALOGUE: Regional meeting of SEE representatives of the insurance sector regulatory authorities, and insurance and reinsurance sector associations 3 December 2024, Istanbul**

#### **Background:**

The South East Europe (SEE) 2030 Strategy is a joint call for action by all 13 South East European Co-operation Process (SEEC) economies, adopted by the SEE leaders at the SEEC Summit held in June 2021 in Antalya. The objective of the Strategy is to reach regionally sustainable economic growth, reduce poverty and inequality, improve social inclusion, empower women, decelerate depopulation, enhance the overall quality of life for citizens and accelerate the green and digital transition, without disrupting competitiveness and private sector development. The document is developed across three dimensions of sustainable development, which include thirteen priority areas of intervention, providing a scope for an integrated approach to address sustainability issues.

Two of the thirteen priority areas of intervention, under the dimension Prosperity of the SEE region, are focused on “Enhancing capacity to improve detection and risk reduction of natural disasters to minimise their impact on economic growth” and on “Enhancing public-private sector partnership and the role of financial sector for the implementation of SDGs in SEE”.

Under these two priorities, the SEE 2030 Strategy targets strengthening of the region’s preparedness to natural disasters and its collective capacity to mitigate relevant socio-economic disaster risk drivers together with increased participation of the private sector in economic risk sharing. Another target of the Strategy is strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services. The SEE2030 Strategy foresees that these targets and priorities are implemented through the following actions:

- Promoting development and strengthening disaster risk transfer and sharing mechanisms;
- Establishing a Bankers Associations’ Dialogue Mechanism for Development Financing, aiming to introduce innovative approaches in financing responsive to SDGs and the objectives of SEE 2030;
- Establishing an Insurance Associations’ Dialogue/Network;

- Enhancing dialogue between the two networks (banks and insurers) to work together to provide inclusive insurance;
- Expanding insurance coverage as risk mitigating action to decrease the economic cost which natural disasters would cause in SEE; etc.

Furthermore, despite the region's vulnerability to natural disasters, the latest data from the RCC Public Opinion Survey on Security, RCC SecuriMeter reveal that less than 12% of the households in the Western Balkans region have been under disaster insurance coverage against fire, floods, earthquake, etc. This low uptake leaves a huge portion of the population financially exposed to natural disasters, potentially overwhelming state resources in times of crisis. According to the experiences to date, people rely on their government post-disaster compensation schemes, which is rudimentary, limited and fiscally unsustainable. Without proper and extensive risk sharing, financially disastrous damages widen poverty and push people from the disaster struck regions due to the poverty and destruction of livelihood. The same goes for the agriculture sector. Weak or no risk sharing in the agricultural sector would not only put the farmers under the huge financial risk but also the destruction of uninsured crops or husbandry in case of extreme weather events significantly undermines the whole food security. Under the climate change wildfires and extreme weather events have become seasonal normal in our region in recent years and resilience of the SEE region does not seem realistic without having strong and functioning regional cooperation in risk sharing.

Addressing these challenges is crucial for building resilient and inclusive societies as foreseen by the SEE2030 Strategy. By strengthening social safety nets, promoting responsible financial planning, and expanding insurance coverage, these economies can better protect their citizens from financial hardship, promote economic development, and ensure a more secure future for all. Greater focus on Disaster Risk Management and addressing post-disaster socio-economic risk factors is also one of the demands of SEE economies in their proposals which RCC has so far received on the margins of the first biennial update of the 2030 Strategy.

In this context, according to the mandate given by the SEE2030 to facilitate its implementation, the RCC initiates a dialogue mechanism between representatives of the insurance sector regulatory authorities, and insurance and reinsurance sector associations of SEE economies. This meeting will offer an initial opportunity for discussions on the possibilities of extending the regional cooperation to risk sharing and exchanging good practices in disaster insurance schemes in the context of SEE 2030 Strategy. In line with the abovementioned priorities and targets, the meeting will aim to test the official willingness of SEE representatives to establish a regional cooperation network of insurance sector regulatory authorities, and insurance and reinsurance sector associations of the SEE economies, as well as to regularly continue exchanges on know-how and experiences in disaster insurance schemes, and to deepen the regional cooperation to take further tangible steps, if deemed appropriate.

**Main objectives:**

- Discussions on the possibilities of extending the regional cooperation to risk sharing and exchanging good practices in disaster insurance schemes in the context of SEE 2030 Strategy;
- Discussions on the possibilities to establish a Regional Network on Disaster Risk Insurance and Risk Sharing consisted of representatives of the insurance sector regulatory authorities, and insurance and reinsurance sector associations of the SEE economies;
- Presentations from regional experts from the disasters insurance system and exchange of views with them regarding the insurance schemes and financial management of post-disaster losses and consequences.

### **Structure of the meeting:**

**Opening Session:** The meeting will start with welcoming remarks by RCC and representatives of the co-host SEE economy

#### **Main session:**

Presentations by representatives from the insurance sector regulatory authorities from SEE economies with more advanced disaster insurance mechanisms, representatives of the reinsurance sector and academia.

**Objective:** the speakers will share their experiences related to the insurance schemes and financial management of post-disaster losses and consequences, as well as their knowledge with regard to the disaster risk insurance and risk sharing. The presentations are expected to result in a fruitful exchange during the discussions amongst the representatives of insurance sector in SEE economies.

**Speakers:** representatives of the insurance sector regulatory authorities from three SEE economies, one representative of reinsurance sector and one representative of academia.

**Discussion:** All SEE representatives will be invited to take the floor and share their views on and experiences in disaster risk insurance. They will also be invited to deliver official statements about the willingness to establish a SEE Regional Network on Disaster Risk Insurance and Risk Sharing.

**Expected outcome:** To confirm the willingness of SEE delegations to continue the dialogue between insurance sector representatives to deepen the regional cooperation in this sector and to agree on the co-host of the next meeting.