

News release

Swiss Re reinsures Guangdong, China's most populated economic hub, against natural disaster risk; Typhoon Haima triggers first payout

- Pilot insurance programme covers Guangdong province against losses of up to USD 350 million from tropical cyclone and excessive rainfall
- Guangdong, which is heavily exposed to natural disasters, is responsible for over USD 1 trillion of China's GDP
- Innovative insurance uses meteorological data to allow faster payouts; super-typhoon Haima triggered first payout to the city of Shanwei less than a week after the disaster struck
- Pilot was developed in response to the Chinese Central Government's imperative of building a natural catastrophe insurance system
- This is one of the two largest natural disaster protection schemes ever established in China; with Guangdong closely following the one for Heilongjiang province announced in early August 2016

Beijing, 28 October 2016 – Swiss Re has entered into an agreement as sole reinsurer to protect seven prefectures of Guangdong province, China, in partnership with local insurers led by the People's Insurance Company of China (PICC) in 2016. The pilot helps protect China's most prominent economic hub against the financial impacts of natural disaster risk and the first payout was already triggered after super-typhoon Haima made landfall in the city Shanwei on 21 October 2016. The program will be rolled out in a total 10 prefectures by the end of this year.

The pilot programme offers insurance cover for a maximum value of USD 350 million, and is expected to be adjusted and renewed annually. It uses rainfall and tropical cyclone wind speed indices to trigger policy claims, ensuring fast payout.

Compared with traditional re/insurance, the speed of parametric insurance payouts will allow governments to access ready capital for managing emergencies at the times when it is most needed.

This is the second pilot programme to protect the balance sheets of provincial governments in China against the economic impacts of major disasters. It complements the previously announced reinsurance protection scheme in Heilongjiang province, announced on 3 August 2016 this year, which focuses primarily on poor rural communities. Swiss Re developed both

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programmes in response to the Chinese Central Government's imperative to build a Disaster Insurance System. The schemes could serve as a model to insure other provinces in the country.

Martyn Parker, Chairman of Swiss Re Global Partnerships said: "Guangdong is an important industrial production centre and highly exposed to natural disasters, particularly typhoon and flood. A major disaster is not just devastating for the lives and livelihoods of local people, but is also likely to affect the longer-term economy of the region. Guangdong's move to put measures in place before disasters strike has already proven its worth, when super-typhoon Haima triggered a claim. The city of Shanwei has received a payout from the insurance company less than a week after the typhoon struck."

John Chen, Swiss Re's Head of Reinsurance China and China Country President, said: "Product innovation based on international experience has enabled the success of the Guangdong case. The strong partnership between the government, PICC, and Swiss Re has been pivotal in delivering this innovative scheme. We hope the Guangdong and Heilongjiang models will also serve to benefit other provinces in China."

Notes to Editors

Swiss Re

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