

Rapid response earthquake protection for public entities

Swiss Re's QUAKE



QUAKE is an innovative product which gives public entities financial flexibility in dealing with hardships in the immediate aftermath of a natural disaster. It is an index-based parametric earthquake insurance product providing rapid reimbursement within 30 days.

Earthquakes and other natural perils can have a long-lasting detrimental impact on the budget of a public entity, creating serious financial losses resulting from physical damages. Due to the loss adjustment process involved, there are often substantial delays in receiving reimbursement or natural disaster aid from traditional insurance or from the Government. Having the necessary financial resources available in the immediate aftermath of an earthquake disaster helps you to effectively deal with unexpected issues and successfully return to pre-disaster operations. This is essential, as the first 90 days following a disaster are the most critical for the recovery of an institution.

Our earthquake insurance product QUAKE is designed to complement traditional property or stand-alone earthquake insurance purchased by a public entity. It is an important addition to an institution's existing insurance portfolio, filling coverage gaps and providing rapid reimbursement following an earthquake disaster. Swiss Re strengthens your resilience by answering your immediate financial needs arising from multiple sources of economic loss, such as emergency response costs, clean-up costs and loss in tax revenues among others.

QUAKE is easily tailored to meet the individual needs of public entities, such as civil defence, higher education institutions, municipalities, counties and regions.

Key features

- › QUAKE is tailor-made to the buyer's needs
- › The insurance trigger is tested against historical events
- › The coverage amount is fully flexible
- › Cover is easy to purchase and administer
- › The claims process is straightforward and transparent
- › Insurance payout within 30 days after a qualifying event
- › The cover makes public authorities more resilient, increasing their financial capacity to react

How does QUAKE work?

Swiss Re's QUAKE is an innovative parametric index insurance structure. We use a parameter that is transparently measurable by an independent third party source. Insurance payout is triggered when an event reaches a pre-defined value.

The 2016 string of earthquakes in Central Italy cost over EUR 6bn in economic loss, with only 3%, or EUR 0.2bn covered by insurance. The economic costs are likely to be even higher once the government has disclosed all final details.

Example:

Consider a public entity, any regional authority, that is already insured through traditional insurance. To fill the insurance protection gap and cover additional costs arising in the event of a catastrophe, it purchases Swiss Re's QUAKE.

Information provided by the client:

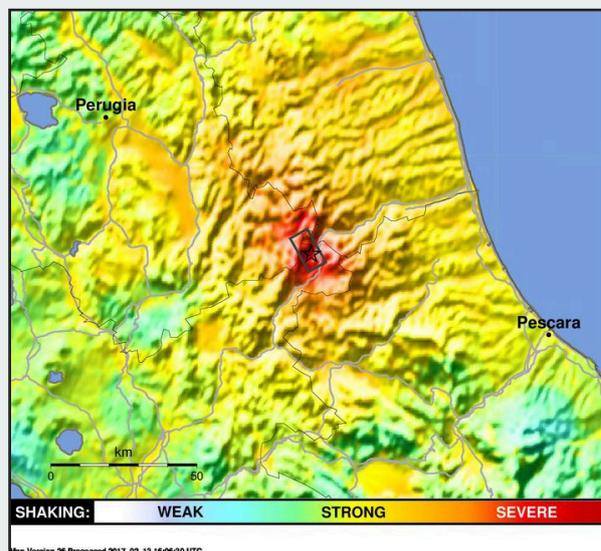
Risk period: 15 January 2016 – 15 January 2017

Desired payout per location: The regional authority "XY" defines the size of the insurance cover based on expected losses or costs indicated in existing disaster emergency plans as a response to a potential earthquake.

Region "XY" decides to insure for example EUR 100 million for the event that a strong earthquake hits the area (measured by actual experienced shaking).

Contractual reporting agency: Istituto Nazionale di Geofisica e Vulcanologia (INGV) or the United States Geological Survey (USGS), both well-recognized and independent seismological institutes

On 24 August 2016, a severe earthquake hits the region. Immediately after the event, INGV confirms the shaking intensity of region "XY" to be above the threshold, which then triggers a full payout within 30 days as contractually agreed. With the rapid payout, Region "XY" can provide all the necessary support to its population.



The ShakeMap for the 2016 earthquake in Central Italy. ShakeMap is developed by the Istituto Nazionale di Geofisica e Vulcanologia (INGV) and provides near-real-time maps of ground shaking intensity following significant earthquakes.

Source: <http://shakemap.rm.ingv.it/shake/7073641/download/tvmap.jpg>

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**Contact one of our experts
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Disclaimer:

Swiss Re's QUAKE relies on ShakeMap from the Istituto Nazionale di Geofisica e Vulcanologia (INGV) or the United States Geological Survey (USGS). QUAKE is intended to cover indirect or underinsured losses and not exclusively insured physical damage. Therefore, the client may incur physical damage that is not covered under QUAKE. QUAKE does not cover losses incurred from earthquakes caused by war, terrorism or nuclear explosion.