

BLAZE – Parametric bushfire insurance

Financial protection for unfunded losses



Australia

The longer, warmer summers that we observe today are extending the bushfire season, blurring the lines for when to expect and plan for bushfires. Global economic losses from bushfires have increased over recent decades. In 2017, the direct economic losses from bushfires amounted to USD 21 billion worldwide, the highest ever in a single year. 2018 gave no reprieve, with some of the costliest and most destructive bushfires in history. And yet, these losses only represent a fraction of the true economic impact.

www.swissre.com/blaze

Facts

Direct economic losses from bushfires worldwide:



Source: Swiss Re Institute

First-ever catastrophic fire warning issued for Queensland in November 2018.



Unfunded bushfire losses cause long-term financial disruption

Bushfires have wide social and financial ramifications that affect the economic well-being of states, provinces, counties, municipalities, individual land and property owners, and business owners. More often than not, cash reserves to deal with the financial implication of such events have not been planned for in advance. With many of the losses left unfunded, those responsible for leading recovery efforts are forced to free up cash via budget reallocation or tax increases, access debt markets, or delay the necessary recovery or reconstruction measures.

The hidden threat of unfunded losses

Bushfire losses go well beyond burned timber or destroyed property; these losses are often grossly underestimated or misunderstood.

The **first order financial impact** of bushfires include:

- **Suppression costs;**
- **Evacuation and aid cost;** and
- **Infrastructure repair**, including immediately necessary **recovery and reconstruction efforts.**

Beyond immediate expenses, the **secondary impacts** of bushfire are far-reaching and span years. These include:

- **Depressed economic activity and property values;**
- **Increased job losses** due to reduced tourism and lost businesses; and
- **Revenue losses** due to damaged infrastructure.



In AUSTRALIA, the non-profit organization Climate Council in Australia found in a 2016 study that the economic cost of bushfires to New South Wales and the Australian Capital Territory will likely double by 2050.

Source:
<https://www.abc.net.au/news/2016-12-08/cost-of-bushfires-in-nsw-act-to-double-by-2050-report-finds/8101252>

BLAZE:

A straightforward solution to a complex problem

In order to help clients manage the volatility and cost of bushfire risk, Swiss Re has developed a state-of-the-art parametric risk transfer solution together with Dutch remote-sensing experts VanderSat.

Proceeds can be used to fund a range of uninsured losses such as lost tax revenues, fire suppression costs and immediate infrastructure recovery efforts. A straightforward burned area index forms the basis for the insurance policy, which pays out as soon as the preset index conditions are met.

Contact one of our experts today to learn more about Swiss Re's BLAZE solution

Certainty, transparency, protection!

If you need protection for unfunded bushfire losses, and value certainty and transparency with regard to payouts, BLAZE is an easy, robust and reliable solution for you. **This is how BLAZE works:**



1

Specify your geographical area of coverage



2

Define the details of the cover to serve your needs, including burned area trigger (in hectares/acres) and total payout



3

VanderSat monitors the burned landscape in your area and **calculates** the cumulative amount of burned area throughout the policy period



4

With the contract in place, **Swiss Re will start to make payments** provided the preset index conditions are met, getting you cash in a few short weeks



Before



After



Whether you are big or small, **BLAZE works for you:**



Regional governments



Communities



Forestry organizations



Wineries



Tourism industry



Small business

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01/19

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