Asian nations fare poorly on insurance against disasters

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Losses due to natural disasters have risen faster than Asia-Pacific’s economy has expanded, says a new report by the Asian Development Bank (ADB).

The report, Investing in Resilience — Ensuring a Disaster-Resistant Future, urged the region’s Governments to offer disaster risk financing instruments, such as calamity funds, tax credits and catastrophe bonds.

“Asia’s economic gain is being eroded by disasters,” said Bindu Lohani, ADB’s Vice-President for Knowledge Management and Sustainable Development, who was here to take part in the Delhi Sustainable Development Summit, organised by The Energy Resources Institute (TERI).

The report noted that less than five per cent of disaster losses in Asia were insured, compared with 40 per cent in developed countries.

To tide over the challenges, the ADB suggested that Governments develop and implement disaster risk financing strategies to provide timely support to the disaster-hit.

It said the private insurance sector could help by offering expertise to Asian governments in risk modelling, while the international community could provide start-up capital reserves, guarantees, technical advice, etc.