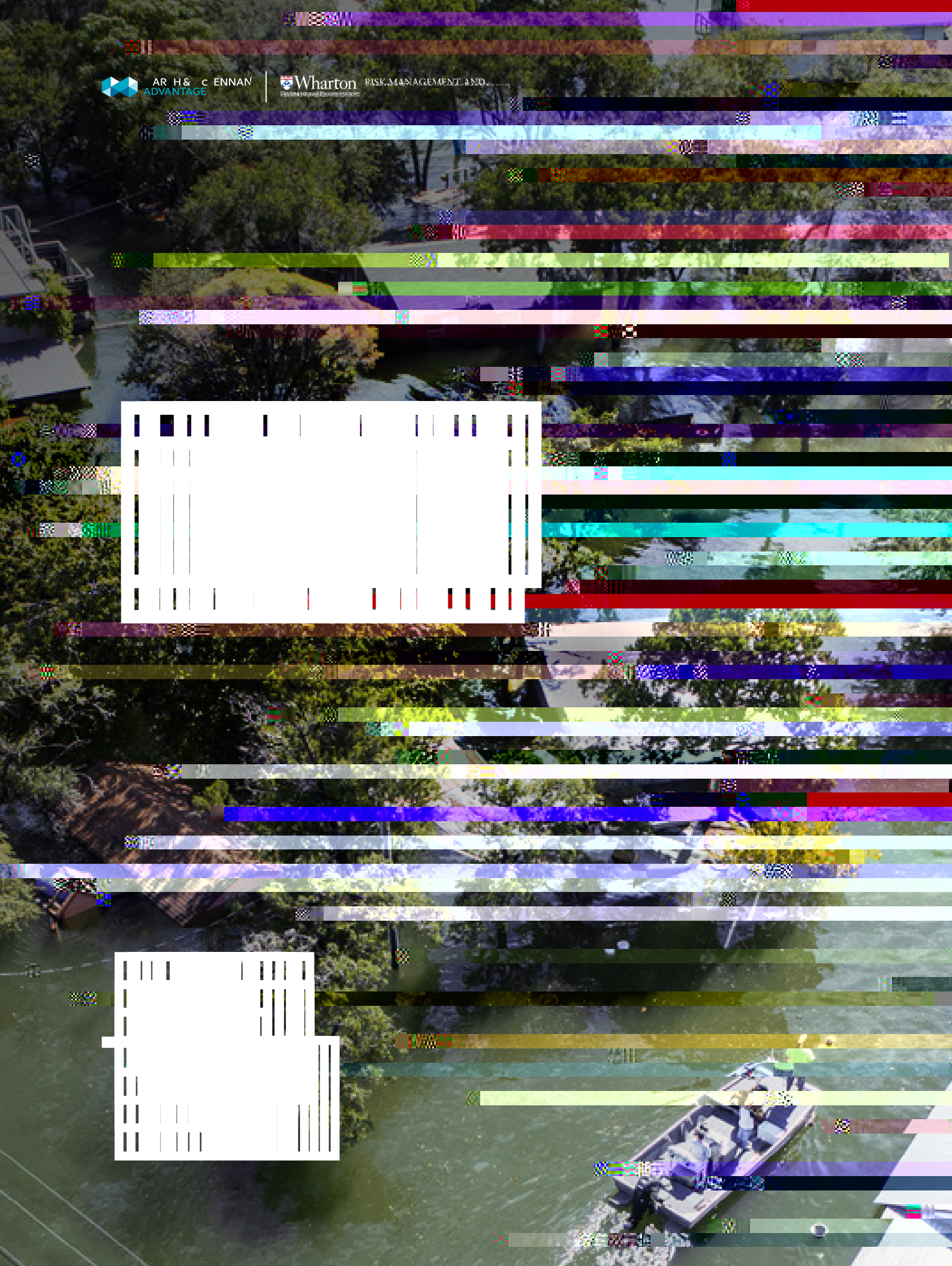
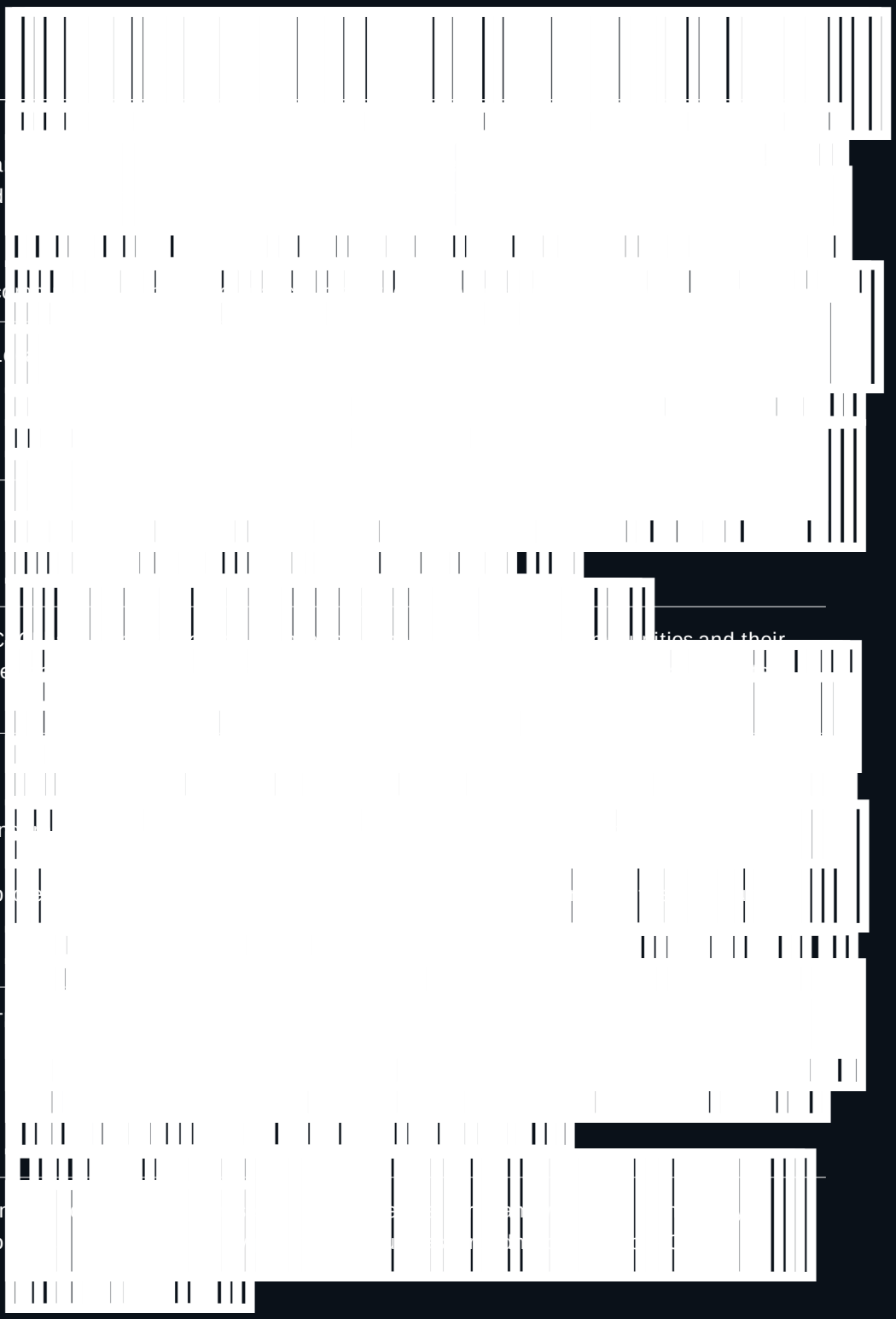
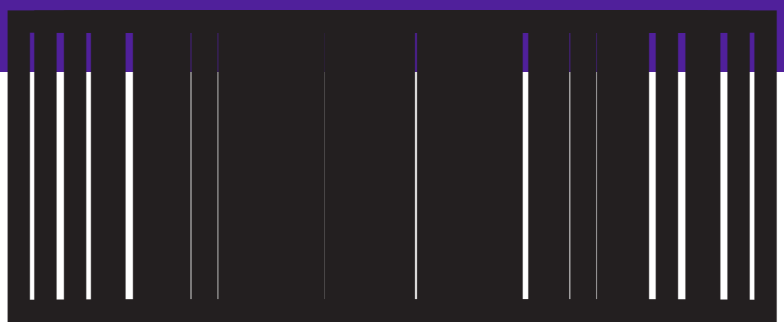

AR H& c ENNAN
ADVANTAGE
Wharton
RISK MANAGEMENT AND





Despite the importance of insurance, many households and businesses at risk from disasters around the world are uninsured.

[redacted]

E[redacted]

in[redacted]

Provides a f ordable and available [redacted]

T[redacted] that CBCI could potentially lower
p[redacted]
c[redacted]

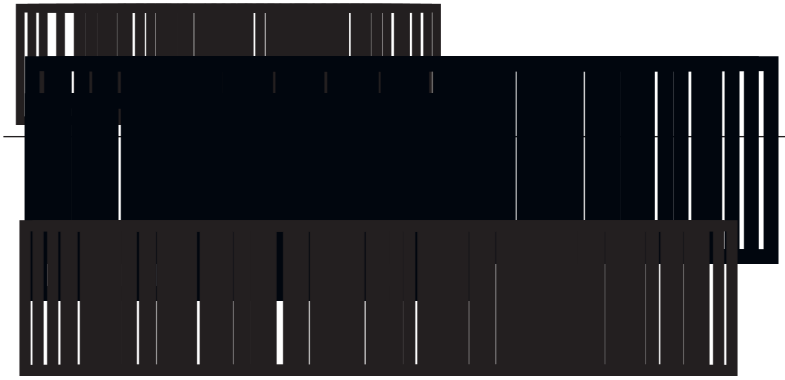
su[redacted]

have signi f cant impacts on risk [redacted]

[redacted]

action.

[redacted]



[redacted]

s of the community and

a

ve goals of widespread

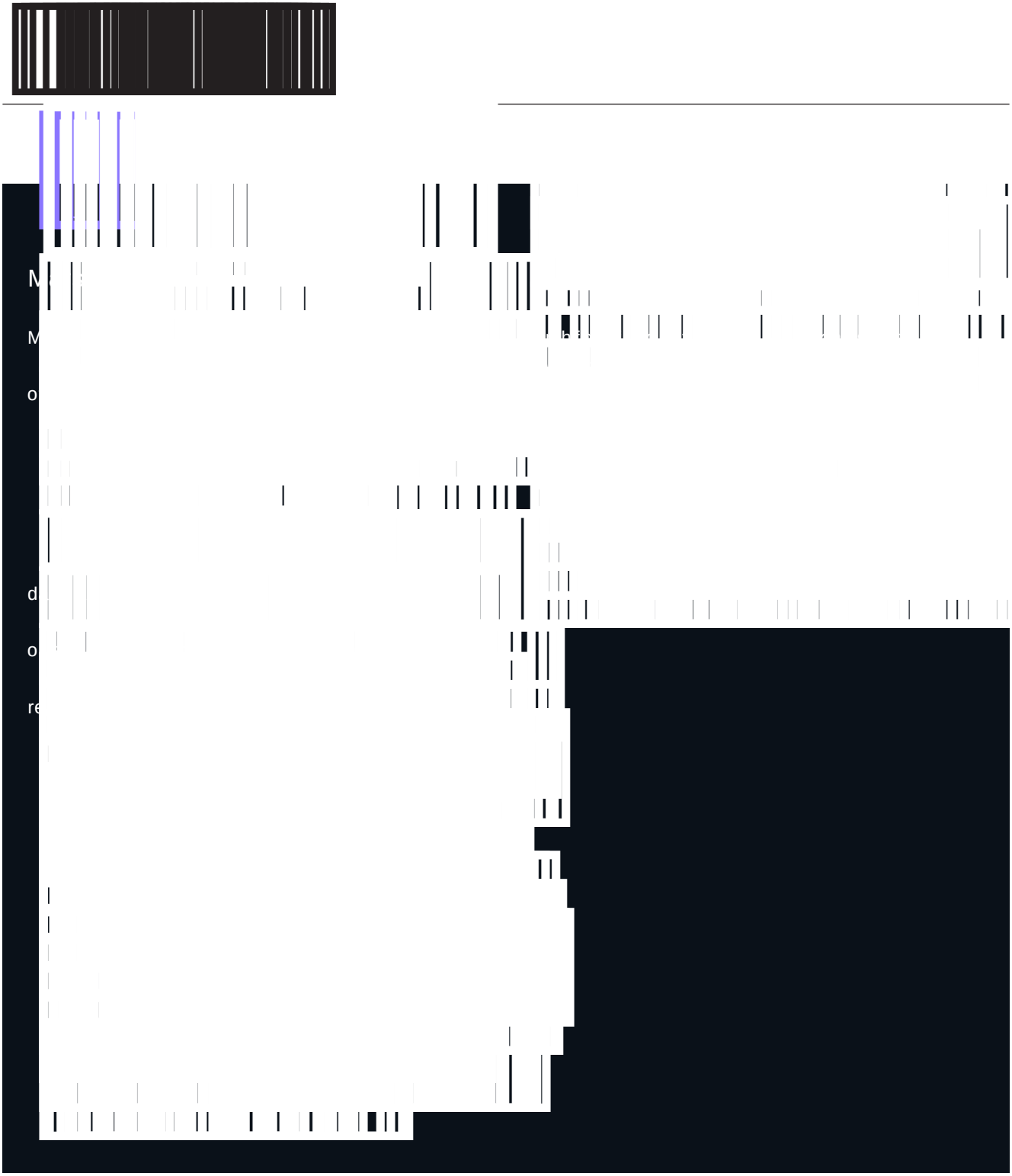
Exhibit 4:

	The community helps to establish a beneficial arrangement with an insurer for community members. Community members contract directly with the insurer.	Member education; data provision;

[redacted]

Steamboat flood insurance is provided in the

Island.



A five-part framework for

e is for di f erent types of f

a base level of coverage, or more? Does it want to o f er

Exhibit 5:

Define the need	Determine authority to act	Engage stakeholders	Analyze risk	Transfer risk
Determine which groups could benefit Consider the needs and motivations for CBCI Identify residents' needs and key risk exposures	Consider what entities have an interest in helping close the gap through CBCI Identify who has regulatory authority to implement a CBCI program Consider what policy reforms or institutional changes are necessary to enable various groups to make use of CBCI	Engage community early in the process to inform all subsequent choices Communicate and educate community about the risk and mitigation options	Capture data and modeling to design appropriate risk transfer structures and risk reduction mechanisms Understand the risk Set risk-based and means-based premiums associated with desired program structure	Consider capital providers: reinsurers, insurers, NFIP, residual market mechanisms, captives Determine premium payment options including funding options for the purchase considering assessments and a ordability Map options for disbursing claims payment

that would be

m

Is

re

ca

b

CBCI requires the support of many

In New York City, this process is known as the City

1

the

and federal agency priorities align. For food-related

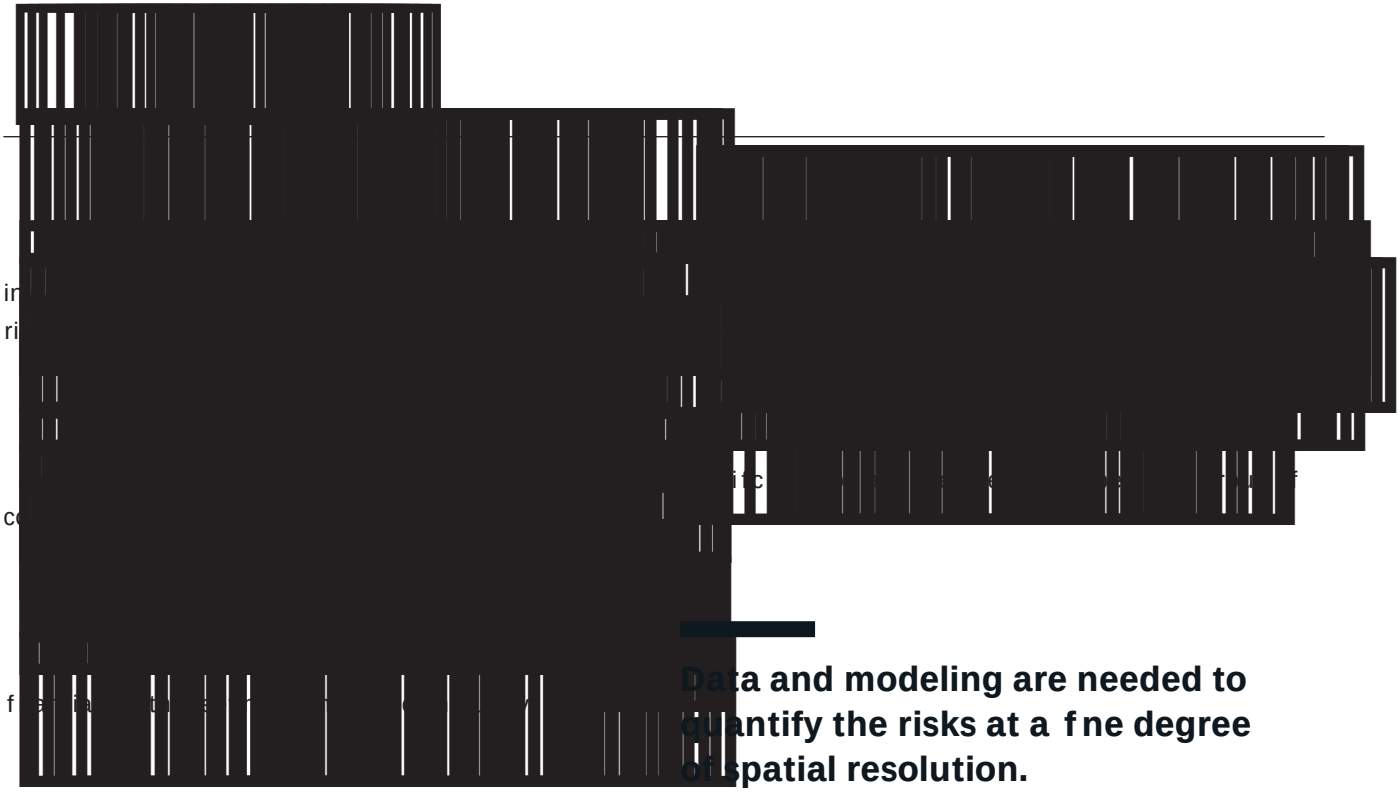
[redacted]

in [redacted]

ri [redacted]

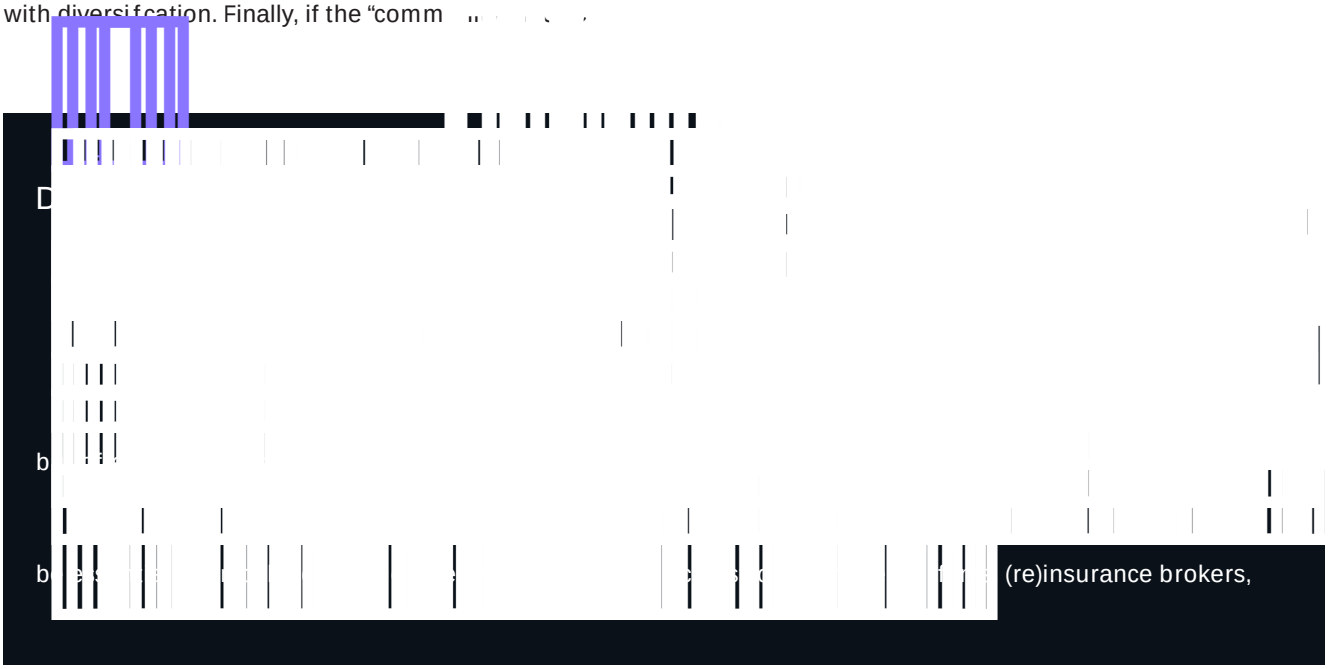
c [redacted]

f [redacted]



Data and modeling are needed to quantify the risks at a fine degree of spatial resolution.

as earthquake and food, could also potentially help with diversification. Finally, if the "comm [redacted]

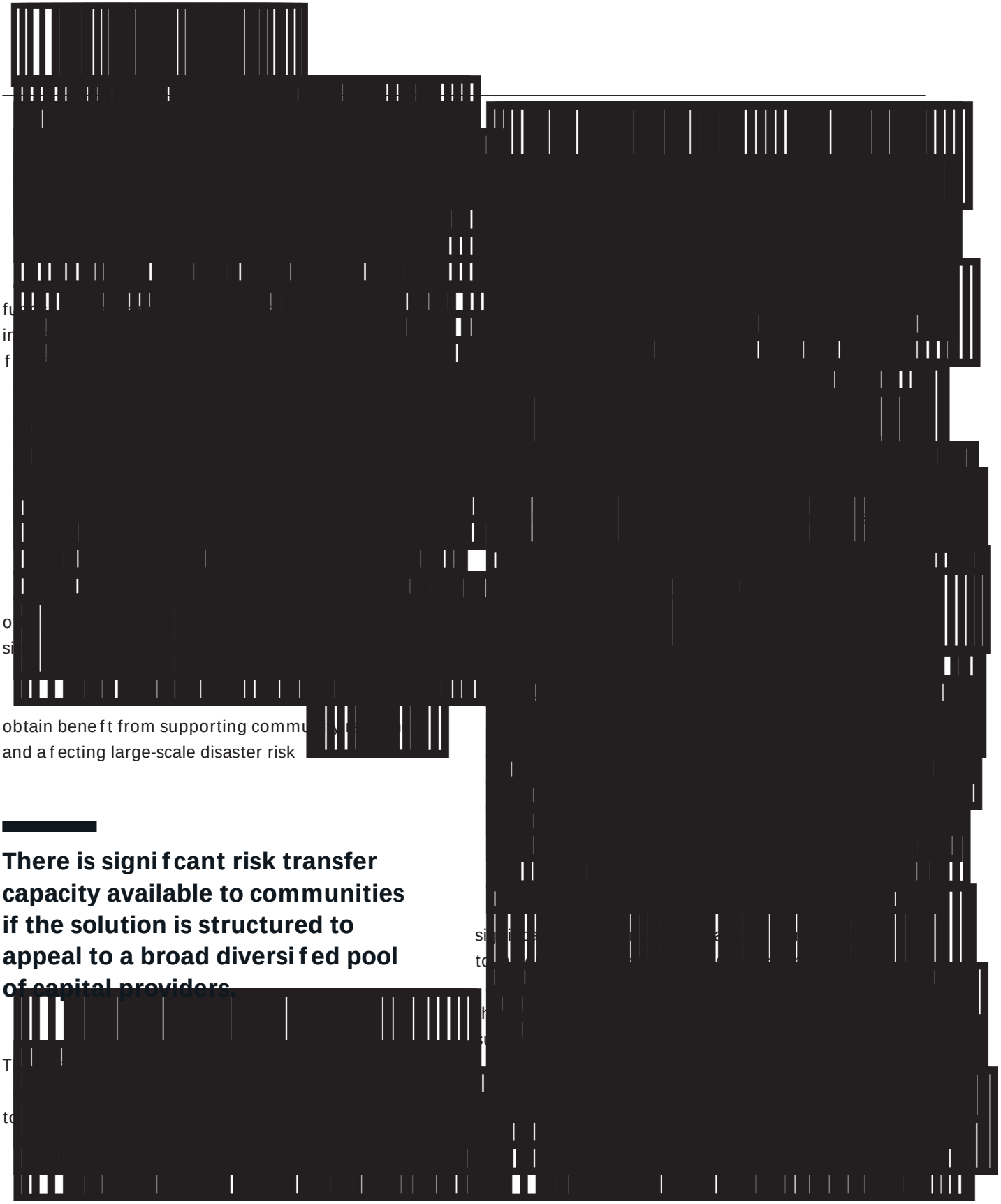


[redacted]

D [redacted]

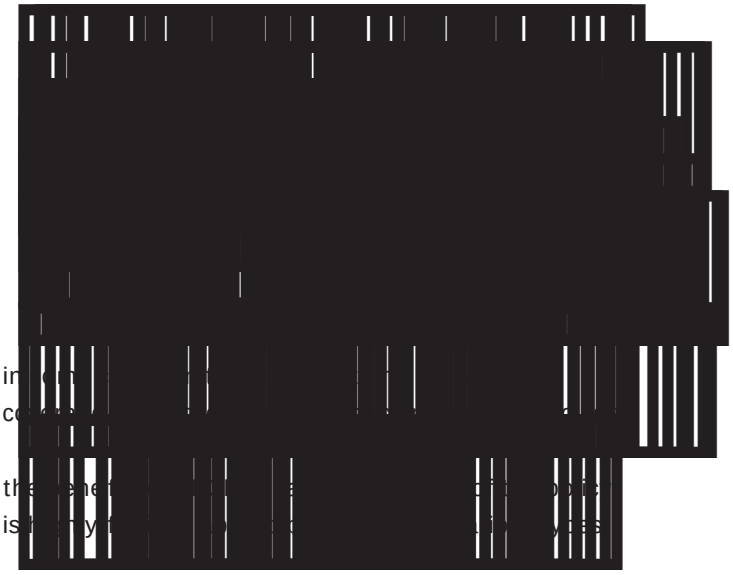
b [redacted]

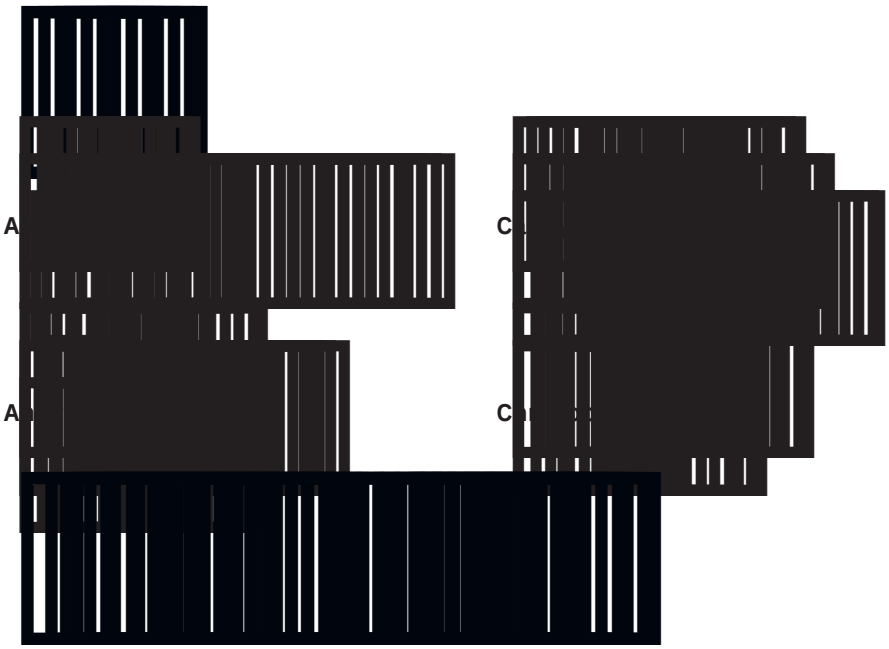
b [redacted] (re)insurance brokers, [redacted]



obtain bene f t from supporting commu
and a f ecting large-scale disaster risk

There is signi f cant risk transfer capacity available to communities if the solution is structured to appeal to a broad diversi f ed pool of capital providers.




A
C
A
C