Session 6
Addressing the challenges of economic loss accounting

The French experience, where damage figures rely to a large extent on information provided by the private sector.
Addressing the challenges of economic loss accounting
The French experience: damage figures rely to a large extent on information provided by the private sector

OUTLINE

1. Drivers for economic loss data collection
2. (Nat)Cat insurance loss data as a proxy of economic loss data
3. A national risk observatory as an operational platform to consolidate an economic and social loss data into a database
4. Further developments under investigation
5. Conclusions
DRIVERS FOR ECONOMIC LOSS DATA COLLECTION IN FRANCE
### Drivers for Economic Loss Data Collection

<table>
<thead>
<tr>
<th>Driver</th>
<th>Situation in France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance system in place</td>
<td>PPP system since a 1982 law (NatCat, Near 100% penetration for both NatCat and Storm covers)</td>
</tr>
<tr>
<td>Level of penetration</td>
<td></td>
</tr>
<tr>
<td>Recent catastrophes</td>
<td>1999: Lothar, Martin 2010: Xynthia, Var</td>
</tr>
<tr>
<td>Commitment of insurance companies</td>
<td>Increasing steadily supported by:</td>
</tr>
<tr>
<td></td>
<td>- MRN launch (2000)</td>
</tr>
<tr>
<td></td>
<td>- ONRN agreement (2012)</td>
</tr>
<tr>
<td>Political will</td>
<td>Yes, public - private cooperation notably through the FR national DRR platform system in place</td>
</tr>
<tr>
<td>DRM participative governance fora and use of loss data for DRM Decision making</td>
<td>In place, both at national and risk basin level, involving directly insurers’ representatives</td>
</tr>
</tbody>
</table>
(NAT)CAT INSURANCE LOSS DATA AS A PROXY OF CONOMIC LOSS DATA
### (Nat)Cat insurance loss data as a proxy of economic loss data

<table>
<thead>
<tr>
<th>Status</th>
<th>Peril</th>
<th>Cover / Assets</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieved</td>
<td>NatCat – NaTech Storm - Hailstorm</td>
<td>Property Damage (DL &amp; BI) Person. &amp; Commercial lines</td>
<td>Present scope of loss data provided to ONRN</td>
</tr>
<tr>
<td>In progress</td>
<td>NatCat – NaTech Storm - Hailstorm</td>
<td>Property Damage (DL &amp; BI) Person. &amp; Commercial lines</td>
<td>Extensive database from over event threshold to support frequency DRM Decision makning Losses by subcategories (floods) Less important categories</td>
</tr>
<tr>
<td>Achievable</td>
<td>Climatic hazards</td>
<td>Crops and Livestocks</td>
<td>Not in the present scope of ONRN</td>
</tr>
<tr>
<td></td>
<td>Tech Terrorist attack</td>
<td>Property Damage Person. &amp; Commercial lines</td>
<td></td>
</tr>
<tr>
<td>Non achievable</td>
<td>All Cat Hazards</td>
<td>Life, Accident and Health</td>
<td>To be clarified with public authorities</td>
</tr>
</tbody>
</table>
(Nat)Cat insurance loss data as a proxy of economic loss data
The added value of a national insurance association

• State and local authorities seek for non business counterparts representing the whole national market

• The national insurance offices are the unique places where national direct insurance market competitors collaborate for general interest issues

• Their business model is supported by the members of the trade association.

• Some insurance market trade associations cooperate already with each other and with public authorities: can this cooperation be used in a pilot project for SFDRR implementation?
INTRODUCING MISSION RISQUES NATURELS
A dedicated association created by the direct insurance companies trade association

www.ffa-assurance.fr

www.mrn.asso.fr

English version available
French National Observatory of Natural Risks
www.onrn.fr
ONRN PLATFORM AS AN ACTIVE COMPONENT OF:

THE FRENCH NATIONAL DRR PLATFORM SYSTEM

COPRNM acts as the official French National DRR Platform.

ANRN

Scientific Council

COPRNM acts as the official French National DRR Platform.

AFPCN

Support organisation

User advice

AFPCN acts as the large civil society forum for both COPRNM and ONRN, in partnership with MEDEG / DGPR.

MEEM / DGPR acts as major risks interministerial Delegate, French UNISDR FOCAL POINT, and as Secretary of the COPRNM.

MEEM / DGPR

Leading member

平台 Coordination

COPRNM

ONRN

ONRN is a PPP Agreement for risk, disaster data collection, sharing and dissemination. It reports to COPRNM and supports participative governance at national and territorial levels.

MEEM / DGPR: the Ministry of Ecology & Sustainable Development and Energy / the General Directorate for Risk Prevention
COPRNM: the Orientation Council for the Prevention of Major Natural Risks
ANRN: National Forum for Natural Risks Reduction (bi-annual gathering of national DRR community)
ONRN: the National Observatory of Natural Risks
Better DRM decision making: use of insurance loss data in participative governance at local and regional level

An example of integrated application using a cross analysis of ONRN indicators in the governance of the French Natural DRM policy:

Bibliography
www.onrn.fr/site/binaries/content/assets/documents/onrn/160125_onrn_unisdr_light.pdf
www.onrn.fr/site/binaries/content/assets/documents/onrn/onrn-sendai---compilation-of-presentations-final.pdf
A national risk observatory as a collaborative platform to consolidate economic and social loss data into a consistent and comprehensive loss database
# ONRN Economic Loss Database

## Tools already implemented

<table>
<thead>
<tr>
<th>Tools</th>
<th>Situation in France</th>
</tr>
</thead>
</table>
| **NATIONAL INSURED LOSS DATABASE** (Indicators / HAZARD & EVENT) | [www.onrn.fr](http://www.onrn.fr)  
open source DB  
insured cumulated & average loss, loss ratio & frequency |
| **HAZARDS** | At municipality grid: flood, subsidence, landslide, earthquake (NatCat perils)  
At CRESTA grid: storm, hail |
| **EVENTS DOCUMENTED** | Major events only  
(economic and social - NatCat and storms) |
| **PERIOD COVERED** | 1995 to present for loss indicators on line  
1988 to present for major events and annual report |
ONRN Insured Loss Database
Major NatCat events since 1982

- Contribution to JRC and OECD Loss Data Bases (2015-16)
- Development an Event Economic Loss Data Base with a threshold of:
  ✓ one fatality or more (source: BARPI, initiated 2016)
  ✓ More than 3 Mio insured damages - i.e. Property & Business Interruption – (sources : CCR and FFA, starting 1982)
ONRN Insured Loss Database
Eco and social information on Xynthia event

- 53 fatalities and 79 insured in France
- More than 2.5 bn € economic loss out of which 1.5 bn € of insured losses

<table>
<thead>
<tr>
<th>Cover</th>
<th>Total insured loss</th>
<th>Nb claims</th>
<th>Average insured loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>NatCat Storm surge</td>
<td>750 Mio €</td>
<td>35 000</td>
<td>21 000 €</td>
</tr>
<tr>
<td>Windstorm</td>
<td>750 Mio €</td>
<td>435 000</td>
<td>1 700 €</td>
</tr>
</tbody>
</table>
ONRN Insured Loss Database

The threshold issue: cumulated losses vs number of events by sizes

En nombre d’événements

- Événements majeurs: 27%
- Événements marquants: 4%
- Événements chroniques: 69%

En montants indemnisés

- Événements majeurs: 18%
- Événements marquants: 4%
- Événements chroniques: 78%

Source: BD SEHEC

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Further developments under investigation
### Project type

- **COLLABORATIVE WORK**
  - Insured loss data sharing with municipalities

### Situation in France

- **ONRN partnerships on request from local (eg. flood risk basin) authorities**, on a case by case basis

#### CATCHING & ANALYSING TECHNICAL DAMAGE DATA AT MICRO LEVEL

- Collecting and harmonizing available technical data of insured damage & losses at micro level of affected buildings
  - (to be used in modelling and « build back better »)

- **PhD Research at MRN in cooperation with:**
  - Loss adjusters networks
  - Agency for Construction Quality
    - (www.qualiteconstruction.fr)
CONCLUSIONS
CONCLUSIONS (1)
About the added value of private insurance sector

- Insurance industry:
  - has the organisation and skills to collect loss data
  - is able to provide more feedback for lessons learnt at marginal cost
  - Is engaged to help municipalities for better DRM decision making, with as precise as possible insured loss data

- Insured loss data provision can:
  - act as a catalyst for other data collection systems to be put in place (e.g. fatalities and affected persons)
  - Make the data qualified to the goal of DRM, from local to global
CONCLUSIONS
Answering the questions raised by moderator to the panellist

- Thanks to the ONRN PPP Agreement on risk data collection and sharing, the exchange of loss and damage data has installed a collaborative work procedure across the public and the private sector.

- France’s effort to collect economic damage data does not rely fully on the private sector’s information (mainly property damage insured losses multiplied by an empiric factor).

- The need to complement in the future the existing set of economic loss data is already identified. It should
THANK YOU FOR YOUR ATTENTION