



International Actuarial Association  
Association Actuarielle Internationale

18 May 2023

Leigh Wolfrom  
Organisation for Economic Co-operation and Development  
2, rue André Pascal, 75016 Paris  
France

By Email: [leigh.wolfrom@oecd.org](mailto:leigh.wolfrom@oecd.org)

Dear Leigh,

## **Re: Consultation on the OECD's draft Recommendation on Building Financial Resilience to Disaster Risks**

### **The International Actuarial Association**

The International Actuarial Association (IAA) represents the global actuarial profession. Our seventy-four [Full Member](#) actuarial associations represent more than 95% of all actuaries practising in over 115 countries around the world. The IAA promotes high standards of actuarial professionalism across the globe and serves as the voice of the actuarial profession on matters falling within or likely to have an impact upon the areas of expertise of actuaries.

### **Our comments:**

We are pleased to have the opportunity to provide input to the OECD on this important consultation. The [members](#) of the IAA's Insurance Regulation Committee reviewed the draft recommendation and offer the following comments:

Part I – it is not clear why the financial resilience of specifically “non-profit organisations” is considered, and not that of other institutions. This comment applies similarly to other instances where this reference occurs, e.g., in the Parts III and IV.

Part II – consider the insertion of the word “potential” before the term “financial impacts” in the “Recommends” paragraph to clarify that the assessments are ex ante rather than ex post facto. In addition, consider adding a recommendation about ensuring that the overall private and governmental support of financial risks leaves enough incentive for individuals, businesses, and sub-national governments to reduce the potential impact of physical disaster risks at the source.

Part III – the need for the financial sector to collaborate with the government and other organisations to enable the provision of affordable insurance to minimise uninsured losses, and for the existence of a sound policyholder protection scheme to minimise the impact of insurer failures, is not clearly articulated.

Part III ii) – it may not be possible to ensure that the financial sector has sufficient capacity to absorb all risks it may be exposed to, highlighting the importance of risk elimination and mitigation through the use of items such as land-use policies and building codes. It generally

has been found to be more cost-effective to eliminate or mitigate disaster risks in advance than to pay for them after they occur.

Part IV i) – given that climate disasters often simultaneously impact multiple countries, leading to increased costs of construction and other resources, perhaps consider highlighting the desirability of reconstruction and rehabilitation to mitigate the future impact of climate risks and the associated increased costs.

Part V ii) – it might not be always possible to ensure that there will be sufficient institutional capacity and expertise, hence the need for various contingency plans that cater for different scenarios which recognise that such capacity and/or expertise may not be available to be in place. This might link to Part V iv) in terms of international co-operation.

If you wish to discuss our feedback or need clarification, please do not hesitate to contact Christelle Dieudonne, IAA's Relationship Manager to the OECD, via the [IAA Secretariat](#).

Yours sincerely



Micheline Dionne  
President