

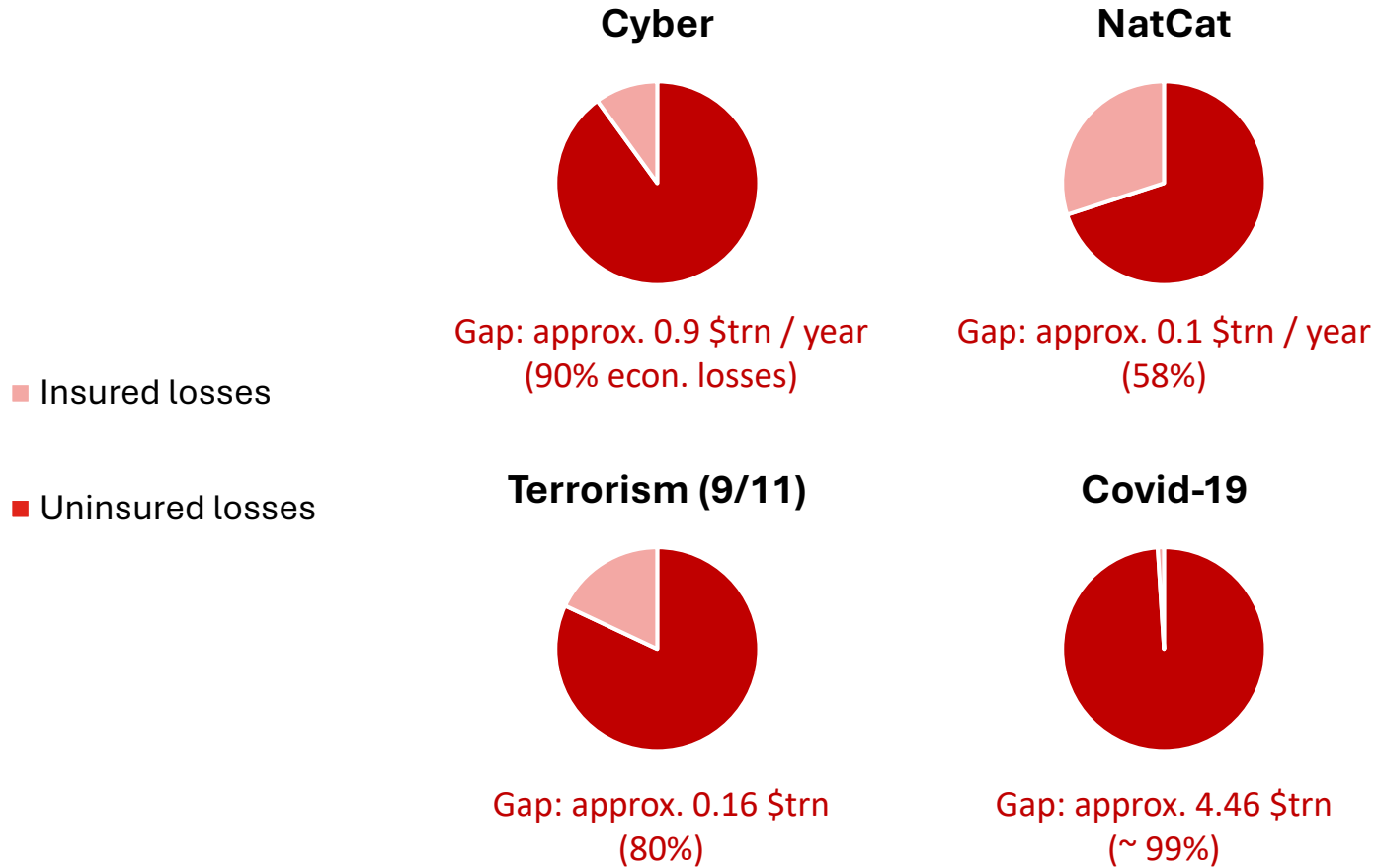
# Addressing Growing Disaster Protection Gaps through Better Public-Private Insurance Programmes

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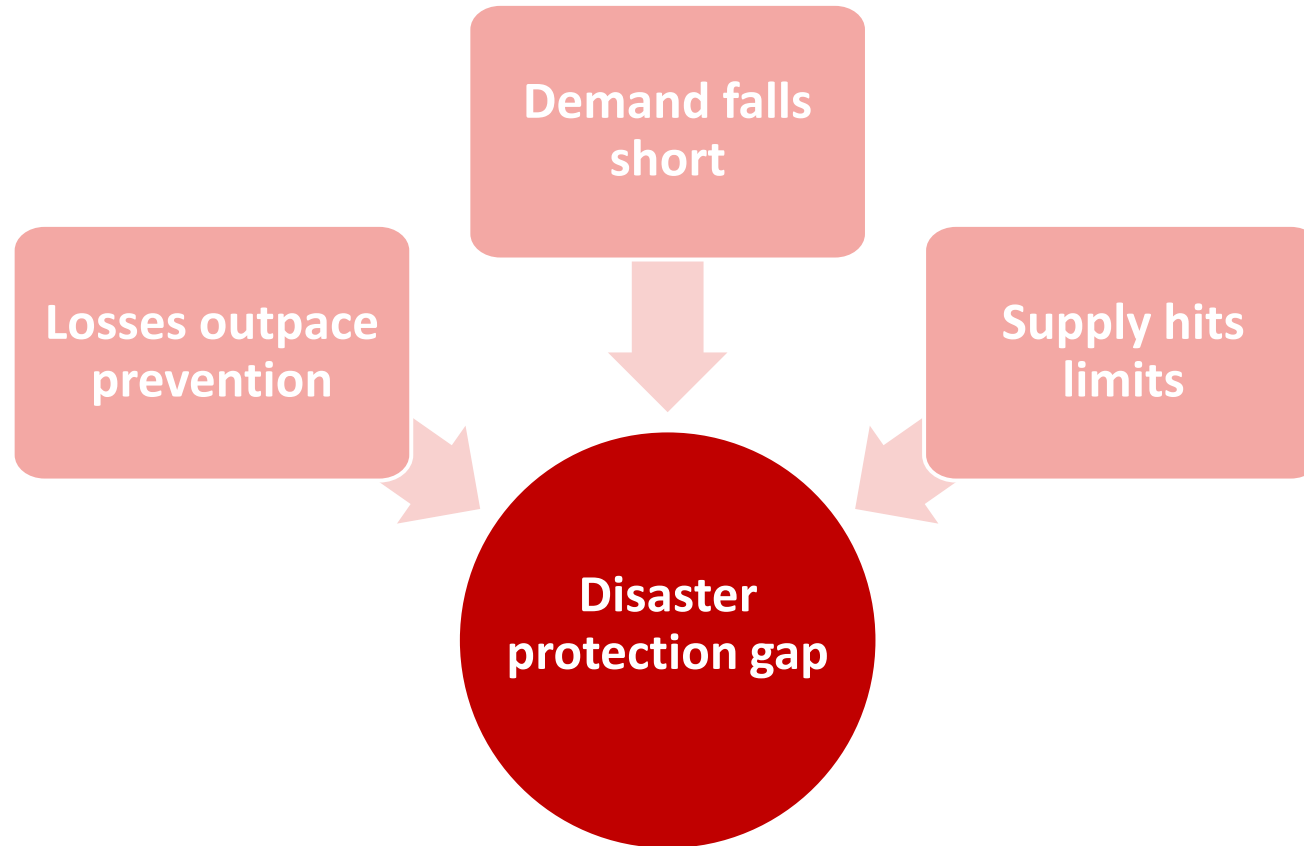
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# The disaster protection gap

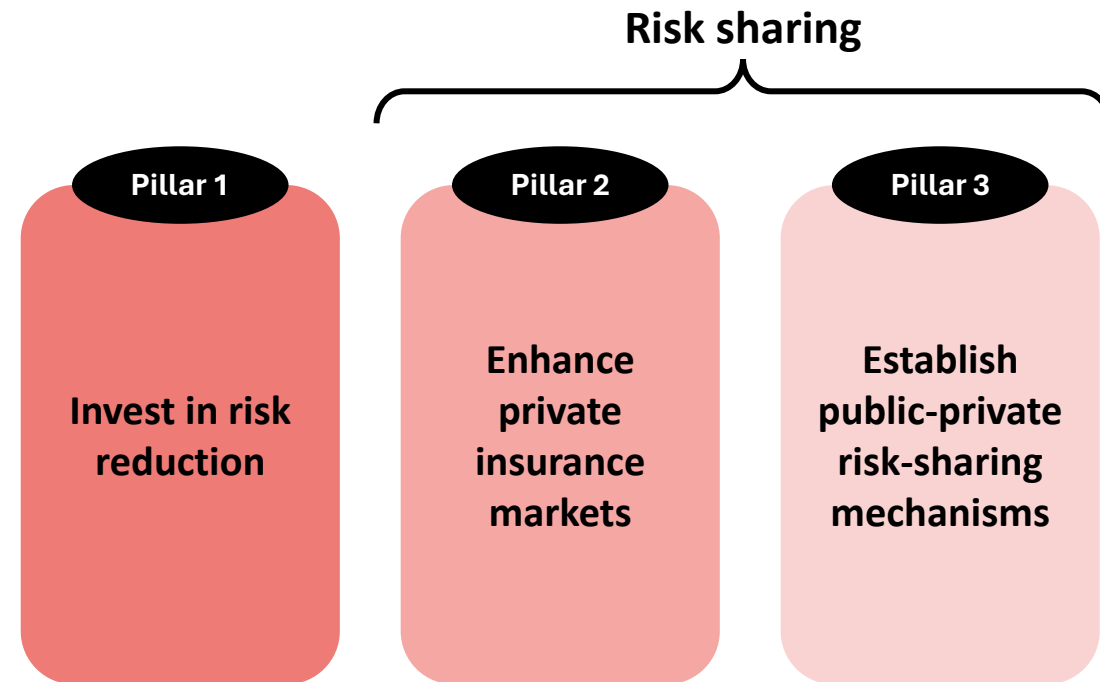


Source: Geneva Association with [GFIA](#) estimates (Cyber, NatCat) and [III](#) data for the 9/11 attacks.

# Three drivers keep the gap open



# Three levers governments can pull



*Source: The Geneva Association,  
based on Zurich Insurance*

# The typical response: Governments start with Pillar 3

## Historical pattern: Reactive

- NHC (New Zealand): founded 80 years ago after earthquakes
- Pool Re (UK): after IRA attacks
- TRIP (US): after 9/11



## New wave: Proactive

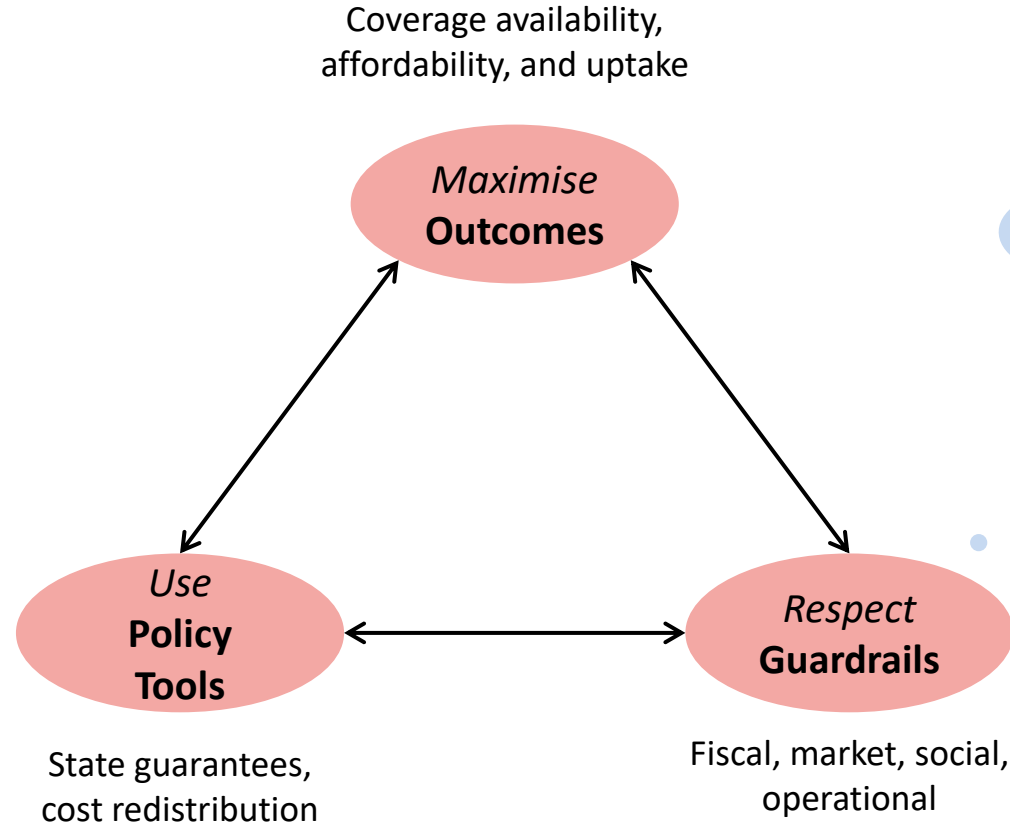
- Australia Cyclone Reinsurance Pool (2022)
- Italy NatCat bilateral mandate (2025)
- Debates: cyber and pandemic PPIPs (US, EU); flood (Canada, Germany); NatCat (India, EU level)



**In many countries, Pillar 3 came *before* serious investment in Pillars 1 and 2**

# How PPIPs work: Outcomes, tools, guardrails

The policymaker's  
"optimisation problem"



*Every PPIP pushes on at  
least one guardrail.*

# Two PPIP archetypes



## Market stabiliser

**Goal:** Restore capacity after a crisis.

**Tools:** State guarantees, risk-based pricing, voluntary participation.

**PPIPs:** Pool Re (UK), TRIP (US), ARPC (Australia), Extremus (Germany), CEA (California)...



## Coverage expander

**Goal:** Boost availability, affordability, and uptake in high-risk areas.

**Tools:** State guarantees, mandates, solidarity pricing.

**PPIPs:** CCR (France), CCS (Spain), Flood Re (UK), NHC (New Zealand), NFIP (US), ...

# Where PPIPs deliver



## Market stabiliser

- Availability restored (terror pools, EQ in California).
- Terrorism schemes continuously judged crucial for market stability.
- Expansion of private capacity (higher retentions, reinsurance, ILS).



## Coverage expander

- Higher availability, affordability, or uptake.
- Near-universal coverage when using mandates + solidarity pricing.
- In some cases, expansion of private capacity.

# Where guardrails are under strain



## Market stabiliser

### The price of strong fiscal and market guardrails: A social guardrail under strain

- Low uptake where coverage is voluntary: CEA (California): <15% of homeowners; UK terrorism: only 4% of SMEs.
- Protection gaps persist for those who need it most: SMEs and low-income households.



## Coverage expander

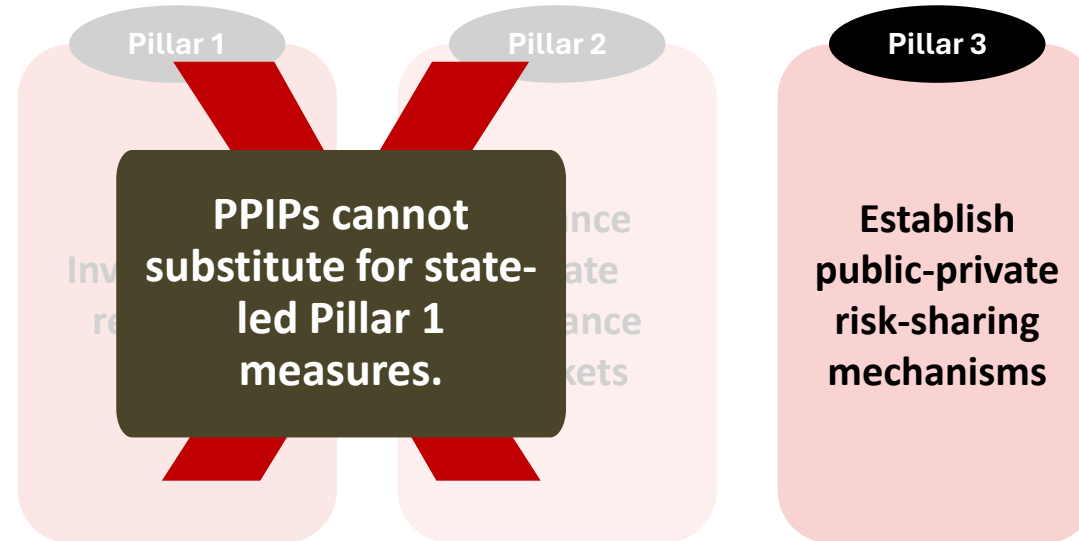
### The price of a strong social guardrail: Fiscal and market guardrails under strain

- **Fiscal:** Some PPIPs are in debt or have depleted funds.
- **Market:** Some PPIPs have crowded out private capacity.
- **Social:** Solidarity may benefit the wealthy, while being politically difficult to unwind.

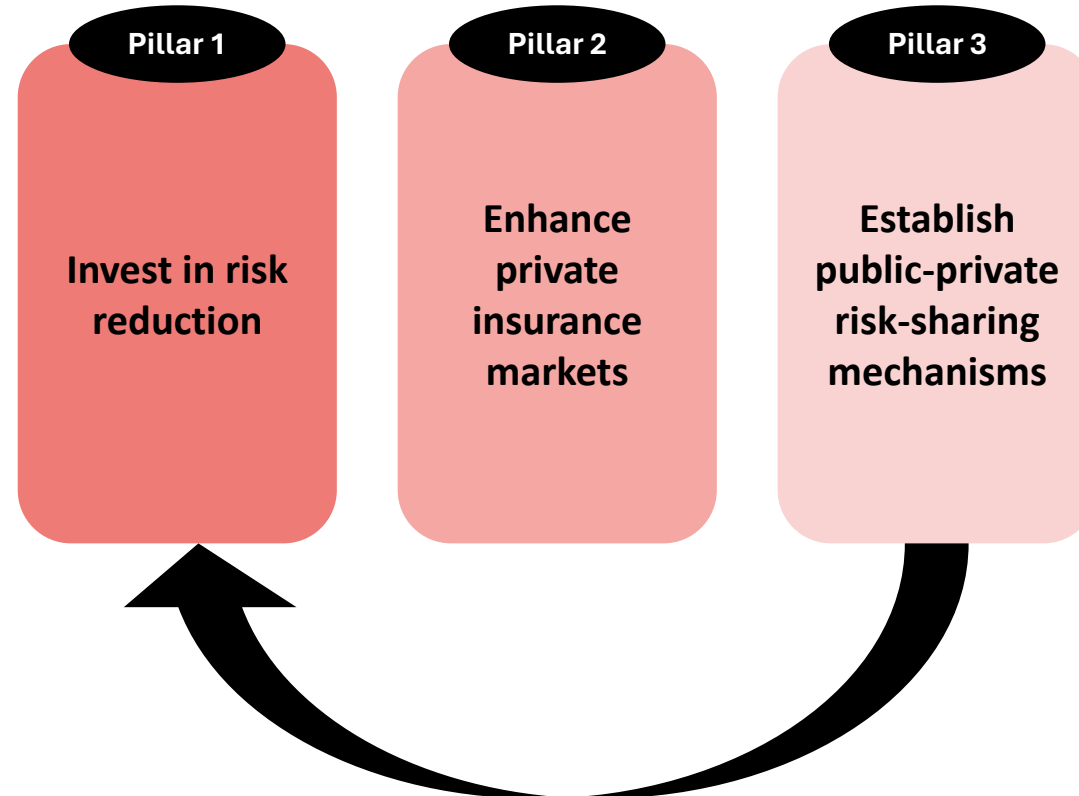
**Every PPIP pushes on at least one  
guardrail.**

**The question is which trade-offs a  
society is willing to accept.**

# The deeper problem: Risk-sharing without risk reduction



# Support, not replace, risk-reduction strategies



# Is a PPIP needed?



# PPIP design principles

## Strategic alignment & governance

1. Embed PPIPs within national risk reduction strategies
2. Articulate clear objectives & guardrails
3. Create an enabling environment
4. Invest in expanding risk knowledge
5. Plan for evolution

## Guardrails & discipline

6. Keep the state as a reinsurer of last resort
7. Encourage market participation
8. Use compulsion strategically

## Pricing & incentive design

9. Signal risk through risk-based pricing
10. Reinforce individual risk-reduction incentives

# PPIPs must support proactive disaster risk management

*Read the full report*