



NSDMA
Nagaland State Disaster Management Authority

DISASTER RISK TRANSFER PARAMETRIC INSURANCE SOLUTION (DRTPS) NAGALAND

Brief Note

The Nagaland State Disaster Management Authority (NSDMA) has been implementing Disaster Risk Transfer Parametric Insurance Solution (DRTPS) for over three years for the State of Nagaland. The multi-year Disaster Risk Transfer Parametric Insurance Solution (DRTPS) is a unique risk transfer solution implemented for the first time by the Government of Nagaland. The good practices and knowledge gained from this risk transfer solution/scheme will serve as a torch-bearer in the risk transfer sector for Indian states.

Disaster Risk Transfer Parametric Insurance Solution (DRTPS) is especially relevant in the context of an increase in extreme weather occurrences caused by climatic change. The unpredictable and unprecedented nature of catastrophic weather events has resulted in economic losses for numerous regions and nations worldwide.

Why **DRTPS?**

1. To protect the State's critical infrastructures and Economic losses in the event of extreme weather.
2. It is estimated that the Insurance Protection Gap for India - the uninsured portion of losses from natural disasters - is as high as around 90%, a burden ultimately borne by the government and taxpayers.
3. Parametric Disaster Risk Financing (DRF) solutions, can complement the State Government, and provide immediate payouts upon the occurrence of natural calamities of pre-agreed severity levels, such as the intensity of rainfall.
4. These can mitigate the financial burden of providing for uninsured losses – and can be used by the State Government for long-term reconstruction, rebuilding of public infrastructure, etc.
5. Such funds can also be invested into disaster risk reduction for resilience as part of the Sendai framework.

What Is **DRTPS?**

1. Disaster Risk Transfer Parametric Insurance Solution (DRTPS) is to ensure that the population and critical infrastructure are financially protected in the event of a disaster.
2. To increase the ability of the State Government to respond more quickly and efficiently to disasters and also to Build Back Better in the event of a major disaster.
3. Disaster Risk Transfer Parametric Insurance Solution is a unique parametric multi-year risk transfer insurance solution based on the ground weather station data.

Vision

Financial Resilient and safe livelihoods for Sustainable Development.

Objectives

To protect the State's critical infrastructures and Economic losses in the event of extreme weather.

The Government is pleased to announce the implementation of the Disaster Risk Transfer Parametric Insurance Solution (DRTPS), which is a multi-year Disaster Risk Transfer Insurance Solution, a first of its kind being implemented in the Country and also globally by the government of Nagaland.

NSDMA is in partnership with SBI General Insurance as an insurer and GIC-Re India and Munich Re as re-insurers. The insurer and the re-insurers were awarded the contract through a transparent and open tender bidding process. Four parties participated in the tender bidding. Out of which the most competent party was awarded the contract. The bidding process started from February to May 2024.





Specific Target

1. To establish an effective and efficient disaster risk management system in Nagaland in all districts at all levels.
2. To facilitate community-based disaster risk management for resilient communities.
3. To build effective and sustainable risk transfer initiatives among the community.
4. To create a platform for public-private partnership in risk transfer initiatives in the event of a major Disaster.

Conclusion

- The Disaster Risk Transfer Parametric Insurance Solution (DRTPS) is a pioneering risk insurance solution in the world that the Government of Nagaland implements with effect from 1st of June 2024 to 30th May 2027.
- The successful implementation of the Disaster Risk Transfer Parametric Insurance Solution (DRTPS) program of the Government Nagaland will dawn a new model of Parametric Insurance for Disaster Risk Transfer and also a paradigm shift in the effort to Build Back Better in the event of a major Disaster.

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