

**GOVERNMENT OF NAGALAND
HOME DEPARTMENT
NAGALAND STATE DISASTER MANAGEMENT AUTHORITY
NAGALAND: KOHIMA**

NO. NSDMA-IEC-CORSP/584/201 /1509

Dated Kohima, the 4th Nov, 2024

To,
Shri Rajendra Ratnoo, IAS,
Executive Director,
National Institute of Disaster Management,
New Delhi.

Sub: Submission of Best Practices and Success Stories on Disaster Risk Transfer Parametric Insurance Solutions (DRTPS).

Sir,


In reference to the subject cited above and in pursuance to your letter no. NIDM/RID/GA/GIZ/2024 dated 30th September, 2024, I would like to submit herewith the success stories/ best practices from the Nagaland State Disaster Management Authority, Government of Nagaland on Disaster Risk Transfer Parametric Insurance Solutions (DRTPS). The DRTPS of Nagaland comes under the Thematic area- Finance Mechanisms on insurance & risk transfer which is one of its first kind in the country.

In this regard, I would like to share this success stories/ best practices of Nagaland in your esteemed online knowledge platform.

This is for your kind information and necessary actions.

ENCLOSED: As stated

Yours faithfully


4/11/2024

(JOHNNY RUANGMEI)
Joint Chief Executive Officer,
NSDMA, Home Department

Annexure-2

(Format for submission)

Thematic Area: Finance Mechanisms

Sub-thematic area: Insurance and Risk Transfer



The Chief Minister of Nagaland signed the MoU with the SBI general on DRTPS.

Title and Location: Disaster Risk Transfer Parametric Insurance Solutions (DRTPS)

Before Situation:

Nagaland faced a significant insurance protection gap, with approximately 90% of disaster-related losses remaining uninsured. This gap placed a heavy financial burden on the government and local communities. The state lacked a structured financial mechanism to provide rapid assistance after natural disasters, leading to delayed response and recovery efforts, exacerbating these events' economic and social impacts.

Implemented Measures:

The Department of Nagaland State Disaster Management Authority (NSDMA) launched the Disaster Risk Transfer Parametric Insurance Solution (DRTPS) on 2nd August 2024 to address the gap in disaster risk financing. Unlike traditional insurance, DRTPS is a parametric insurance model that provides immediate payouts based on pre-determined thresholds of natural disasters, such as rainfall intensity. This initiative is supported by the InsuResilience Solution Fund (ISF) from the Frankfurt School of Financial Management, funded by KfW, and implemented in partnership with SBI General Insurance, GIC-Re India, and Munich Re. These partnerships were formed through a transparent and competitive selection process.

Significant Expected Effect after implementation (Expected in case of Research):

- DRTPS enhances the capabilities of the State Government to build back better after an event of Disaster.
- Ensure that the population & critical infrastructure are financially protected in the event of disaster.
- Enhance the ability of the State Govt. to respond more quickly & efficiently in the event of disasters.

Financial Details:

- A joint venture between the State Bank of India (SBI) & Insurance Australia Group (IAG), will provide the parametric solution.
- The State Govt. & InsuResilience Solution Fund (ISF) from Frankfurt School of Financia Management (funded by KfW) set to bear the cost of premium over the 3 yr. term.

Other major Details:

- DRTPS is the first and only program of its kind in India, showcasing a pioneering approach to disaster management and financial resilience.
- DRTPS supports the “Build Back Better” principle, promoting resilience and quicker recovery for Nagaland's population and infrastructure.
- Type of insurance providing payout based on the occurrence of a predefined event.

Maps, graphs, pictures, and relevant sources (to be attached)



