Aiding the disaster recovery process
The effectiveness of microinsurance service providers’ response to Typhoon Haiyan

Donna Swiderek and John Wipf
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Acronyms

ADB          The Asian Development Bank
CAC          Claims Action Centre
CARD MRI     Centre for Agriculture and Rural Development Mutually Reinforcing Institutions
CCA          Climate Change Adaption
CDA          Cooperative Development Authority
CDRRMC       City Disaster Risk Reduction and Management Council
COA          Commission of Audit
CreSF        Credit Support Fund Insurance Program
DENR         Department of Environment and Natural Resources
DILG         Department of Interior and Local Government
DND          Department of National Defense
DOF          Department of Finance
DOH          Department of Health
DOST         Department of Science and Technology
DPWH         Department of Public Works and Highways
DRM          Disaster Risk Management
DRRMC        Disaster Risk Reduction and Management Councils
DSWD         Department of Social Welfare and Development
FGD          Focus group discussion
GIZ          Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
IC           Insurance Commission
LGU          Local government unit
MBA          Mutual Benefit Associations
MFI          Microfinance institutions¹
MIPSS        Microinsurance Innovations Program for Social Security
NDCC         National Disaster Coordinating Council
NDRRMC       National Disaster Risk Reduction Management Council
NDRRMP       National Disaster Risk Reduction and Management Plan
NEDA         National Economic and Development Authority
NGO          Non-governmental organisation
NHA          National Housing Authority
NSO          National Statistics Office
OCD          Office of Civil Defense
PCIC         Philippines Crop Insurance Corporation
PESO         Public Employment Service Office
PHP          Philippine Pesos
PIA          Philippine Information Agency
PIRA         Philippine Insurers and Reinsurers Association
PLIA         The Philippines Life Insurance Association
RSBSA        Registry System for Basic Sectors in Agriculture
RFPI         Regulatory Framework Promotion of Pro-poor Insurance Markets in Asia
RIMANSI      Risk Based Management Solutions Inc.
TSKI         Taytay Sa Kauswagan Inc
UNISDR       United Nations Office for Disaster Risk Reduction
WHO          World Health Organization

¹ The Department of Finance - National Credit Council categorised MFIs into 3 entities: banks, coops and NGOs.
Highest wind speeds ever seen on land with winds of **313 km/h**

- **Impacted over** 16 million people
- **Displaced almost** 4.1 million people
- Had an unprecedented storm surge that was main cause of death for the **6,300 casualties**
- Estimated USD **700 million** in damage to agriculture and infrastructure*

**Response**  
Steps taken by the Insurance Commission and insurance providers

- Set up **Claims Action Centre** in the areas
- **Relaxation of documentation requirements** on initial payments for death claims
- **Allowed satellite imaging** to be used in claims assessment

**Claims**

- **111,000** microinsurance claims have been paid out of 126,363
- **98%** were calamity coverages
- **USD 12 million**
- **USD 108** PHP 4,777
- **50%** used for housing repairs
- **50%** used on restarting livelihoods

*As of July 2014

**Timing**

- 27% of claims paid in the first 4 ½ weeks after the typhoon.
- 60% of reported microinsurance claims were paid by March 2014

**Effect**

- People are now **asking more** about insurance
- Providers addressed gaps in **coverage** and products and are **increasing outreach**

*Wall Street Journal 2013*
1. Executive Summary

On 8th November 2013, Typhoon Haiyan, known locally in the Philippines as Yolanda, was a Super Typhoon with the highest wind speeds ever seen on land. By the end of the day, the typhoon would have crossed land six times and left a path of destruction that impacted over 16 million people and displaced almost 4.1 million people\(^2\). In addition to the high winds, the typhoon had an unprecedented storm surge that was the main cause of death for the 6,300 casualties.

The Philippines has the highest insurance penetration in Asia and Oceania, with 19.9 million properties\(^3\) and lives covered by microinsurance, making it a success story for microinsurance. As many of those affected were marginalised populations, microinsurance played a significant role in the recovery process. The microinsurance landscape includes credit insurance, life, accident, calamity and funeral insurance with life and nonlife providers associated with intermediaries in the form of brokers, cooperatives, non-governmental organisations (NGOs) and rural banks.

Typically, microinsurance covers the grassroots through organisations that have relationships with them either through membership or regular contact to make loan payments. Therefore, familiarity with clients and the intermediaries being situated within the communities facilitated a tremendous relief effort after the disaster by bringing in relief goods and settling claims.

The Insurance Commission (IC) made adaptations to enable more expedient claims payments. In response to the typhoon, the IC set a plan in motion to (i) have an industry Claims Action Centre (CAC) in the hardest hit city of Tacloban; (ii) relax documentation requirements on initial payments for death claims; and (iii) collect a master list of all policyholders in the stricken area. They also allowed for goods to be paid in lieu of cash and satellite imaging to be used as a tool in claims assessment. The IC was also instrumental in gathering updated information from the industry, especially from microinsurance providers, in regard to relief efforts and claims paid.

As of July 2014, approximately 111,461 microinsurance claims have been paid amounting to PHP 532 million (USD 12 million)^4 with 80% of the number of claims (69% of the total amount) coming from two distribution networks\(^5\). Calamity claims account for 98% of the number of claims paid and 85% of the total claims pay-outs, followed by crop insurance. The overall average claims payout was PHP 4,777 (USD 108). Finalising the claim payments for Typhoon Haiyan is a massive undertaking and therefore the industry data and analysis presented in this study is based on preliminary data as some companies, as of October 2014, are still processing and settling claims\(^6\).

Mass on-site visual assessments were a mechanism used to speed up the claims process. One company used satellite images and crisis map-
ping to determine households in affected areas and to categorise their level of devastation to help prioritise claims processing, while other providers personally identified flattened areas where there was 100% damage. The intermediaries would find the clients and process claims in batches to submit to the providers. Due to the relaxed documentation requirements from the IC to receive a quick initial payout of 50% of the benefit for life insurance, a listing on the official casualty list sufficed as opposed to presenting a death certificate (the statutory requirement).

Claims monitoring mechanisms are essential for the intermediaries on the front lines to limit errors. The overall rejection rate of 4.4% reported by intermediaries and providers was mostly due to errors in the mass assessments where some clients were double paid by the intermediary, did not live in the qualifying area, were not a member of the intermediary or where damage did not meet the claims condition of the structure being “totally damaged”. Credit life or death claim rejections were due to there being no record of the coverage that was being claimed or the policy no longer being active.

Of the eventual total claims paid reported to the study, twenty seven percent were paid in the first four and a half weeks after the typhoon. The study team estimates that over thirty five percent of reported microinsurance paid claims as of July 2014 were paid to clients by December 31, 2013 and almost sixty percent were paid by March 2014. Most reports indicate that the claims processing time was a month or more. CARD MBA indicated they had paid their life claims within their 1-3-5 day target and MicroEnsure had paid 48% of their total claims by December 11, 2014. Initially, claims were paid quickly as most intermediaries had funds set aside for this purpose so they did not have to wait for the provider to process the claim and supply the funds. However, cash resources were strained for some intermediaries and reimbursements from some insurers were slow, so claims payments were then delayed as some intermediaries waited for the provider to process and pay the claims.

Microinsurance did make a difference in the recovery from the typhoon. Funds were spent restarting livelihoods and repairing homes. Microinsurance filled the gap especially in cases where assistance wasn’t provided by the government, NGOs or international organisations to repair homes. The experience of the typhoon has increased insurance awareness. Providers, intermediaries and clients all support the notion that people are now asking more about insurance.

Insurance companies are seeing geographical gaps in their coverage and products and are actively going into these areas to reach marginalised populations. PCIC, the government crop insurance agency, is offering free coverage (including pests and diseases) for 2014 to all registered farmers with under seven hectares of land in the declared regions whether the farmer was a policyholder or not. The Department of Finance [DOF] in partnership with the IC has developed a mandatory insurance product that accompanies a Credit Support Fund [CreSF], for Typhoon Haiyan victims. These are calamity products attached to a loan and all insurance companies were invited through the Philippines Insurers and Reinsurers Association (PIRA) to participate in this credit support insurance programme.

Organisations faced numerous physical and administrative challenges after the typhoon. Limited access to the stricken areas and processing and assessing the sheer volume of claims were key challenges faced by providers and intermediaries. The delay in claim approvals and payments by the insurance companies and potentially the reinsurers to reimburse the intermediaries who advanced payments also slowed claims payments in some instances.

The type of insurance delivery model also impacted the effectiveness of timely and accurate claims payments. Organisations that had frequent and regular contact with their clients could process claims more quickly as they personally knew the policyholders along with their friends and family so verifying and locating clients was a much easier task than for others with a more distant relationship.

Reinsurance is being solicited, products redesigned and policy terms clarified. The typhoon experience also presented a challenge in policy understanding by the client and some insurance companies had to make some tough decisions to ensure the health of the organisation as not all providers had reinsurance. Some claims for products are still in dispute with providers which is upsetting for some clients, especially those that had to wait

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7 CARD MBA’s 1-3-5 Day Target aims to settle life insurance claims in 1, 3 or 5 days depending on circumstances. Claims are to be settled in 1 day if the deceased is not buried and is seen by a representative to verify the death; 3 days if a representative cannot visually see the body; and on the fifth day, if the claim has not yet been settled, verbal notification and a letter is given to the beneficiary indicating why the claim cannot be settled at that time. If no documentation had been provided, the client is asked why the documentation had not been submitted and, if possible, the client is helped to secure the information.

8 This is a loan facility offered through the DOF.
months for claims to be submitted, processed and paid. Typhoon Haiyan stretched the limits of some insurers and changes are being made: some products are not being sold anymore, reinsurers are being sought after more aggressively, and products are being re-priced and redesigned with revised coverage conditions.

**Two unique approaches to the settlement of typhoon claims were taken.** Some companies focused on submitting and settling claims as quickly as possible while one waited for the situation to stabilise before their intermediary started submitting claims in January and February. Aside from the errors in claims processing on the ground that occurred during the chaotic aftermath, given the situation where people were searching for food, water, shelter and family members along with no banks and few stores being open to buy goods, there’s a good argument for using microinsurance as a disaster management tool after the international and relief efforts have made their mark and the panic has subsided. The alternative approach of delaying claims settlement is certainly something to consider depending on the client base.

**Improving Disaster Recovery Management.** This study also examines the Disaster Recovery Management (DRM) systems in place and how they performed during and after the typhoon. In regard to the actual disaster recovery management efforts, key lessons learned are:

- Better planning, implementation and training for barangay DRM is required along with early warning systems that are written and communicated in layman’s language.
- The private sector, NGOs and aid organisations have been essential to the recovery efforts however, better coordination of international, national and local government relief and recovery efforts would improve their effectiveness.
- Permanent housing solutions are needed including rebuilding in safer areas for the long-term.

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**Key microinsurance recommendations**

Recommendations in relation to integrating microinsurance into the DRM Plans are:

- **Find effective means to reach out to rural communities and the marginalised in cities to expand calamity insurance offers and to increase the number of people covered**
- **Create more initiatives that assist with rebuilding homes and explore the development of livelihood insurance products and insurance that is not tied to loans**
- **Explore industry initiatives for catastrophe insurance to ensure companies can support their risks and also spread the calamity risk over multiple geographical areas to limit the provider’s exposure to large losses**

- **Ensure client understanding of exclusions. The different accident and calamity definitions could cause confusion within the industry and present a potential consumer protection issue. Definitions may have to be reviewed in the post-Haiyan era.**

Disaster risk financing is an essential part of the National Risk Reduction and Management plans of the Philippines. In examining the effectiveness of microinsurance through the experience of Typhoon Haiyan, it is evident that microinsurance does provide assistance after a disaster and could fill a larger role with formal integration into the plan itself.

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7 A barangay is the smallest administrative unit in the Philippines below regions, provinces, cities and municipalities. As of March 31, 2012, there were 42,027 Barangays in the Philippines [Philippines Statistical Authority - National Statistical Coordination Board 2012].
2. Introduction

Study background and rationale

The Philippines has the highest insurance penetration in Asia and Oceania, with 19.9 million properties\(^{10}\) and lives covered, making it a success story for microinsurance. The disaster caused by Typhoon Haiyan has had an impact on millions in the country. This unfortunate disaster does, however, provide an opportunity to study the effectiveness of microinsurance in the face of natural disasters.

The Microinsurance Network and GIZ Regulatory Framework Promotion of Pro-poor Insurance Markets in Asia (RFPI) programme, with the endorsement of the IC of the Philippines, agreed to undertake a study together to understand how microinsurance service providers responded and performed in terms of claims processing and benefits payments in the Philippines in the aftermath of Typhoon Haiyan and how that impacted the clients of these service providers.

Study objectives

The study aims to provide data-based evidence on the performance and responses of the microinsurance service providers and information on the linkages to the overall disaster risk management (DRM) strategy in the aftermath of the typhoon disaster, leading to lessons learnt. Based on these, the outcomes focus on three areas:

A. Performance analysis of the microinsurance service providers:

- How many claims (and amounts thereof) were paid by the microinsurance service providers in the aftermath of typhoon Haiyan?
- How did the microinsurance service providers respond to the claims made in terms of average processing time, documentation requirements, rejection rates, transfer of benefits etc.?
- Did they change or adapt some of the above-listed processes due to the emergency of the situation?
- What role did the insurance regulator play in the response processes of microinsurance providers?

B. Exploration of the linkage to the national DRM framework

- Analysis of the DRM framework and overview of natural catastrophe insurance products given the Typhoon Haiyan experience and understanding the role of microinsurance services in the same
- Perspectives and initiatives of relevant stakeholders within the DRM framework of the Philippines

C. Key findings and lessons

- Key successes of microinsurance service providers and microinsurance more generally in addressing the disaster caused by the typhoon
- Client perspectives and testimonials
- Lessons learnt and recommendations for the future

Methodology

The study was based on:

- Desktop research to set up the context of the study
- The analysis of the microinsurance claims payment data provided by microinsurance providers and stakeholders
- Interviews/meetings with the IC, microinsurance providers and other relevant microinsurance and DRM stakeholders
- An assortment of client testimonials

The in-country visit occurred from 9\(^{th}\)-27\(^{th}\) June 2014 and during this time, interviews were held with DRM stakeholders, insurance companies, MBAs, clients and intermediaries (brokers, coops, microfinance institutions [MFIs]) in Cagayan de Oro, Ormoc, Tacloban, Iloilo (and surrounding area), Metro Manila and San Pablo City. Five focus group discussions (FGDs) were held in the Iloilo area on the northern coast of Panay Island on 16\(^{th}\) June 2014 with an intermediary’s clients.

To adhere to companies’ requests for anonymity in the sharing of data and challenges that occurred, the information is grouped by distribution channel and referenced by Company A, B, C etc. in sections where sensitive issues are discussed.

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\(^{10}\) (Microinsurance Network, GIZ - RFPI Asia 2014)
3. Typhoon Haiyan

On 8th November 2013, Category 5 Typhoon Haiyan (known locally in the Philippines as Typhoon Yolanda) crossed the Eastern, Western and Central Visayas regions of Philippines. The 600 km wide typhoon reached the highest landfall wind speeds ever recorded. Wind gust speeds reached 380 km/h, landfall wind speeds reached 312 km/h and the sustained wind speed of the typhoon was 250 km/h. Unusually, the typhoon reached land six times. The first landfall occurred at 4:40 a.m. and by 8 p.m. it had touched its sixth landmass. Figure 1 illustrates the path of the typhoon.

Typhoons in the Philippines are a common occurrence, with an average of 24 affecting the country annually. In this event, a new phenomenon occurred; the typhoon caused a storm

**Landfalls occurred at**

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<th>Time</th>
<th>Location</th>
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<tr>
<td>4:40 a.m.</td>
<td>Guiuan, Eastern Samar</td>
</tr>
<tr>
<td>7:00 a.m.</td>
<td>Tolosa, Leyte</td>
</tr>
<tr>
<td>9:40 a.m.</td>
<td>Daanbantayan, Cebu</td>
</tr>
<tr>
<td>10:40 a.m.</td>
<td>Bantayan Island, Cebu</td>
</tr>
<tr>
<td>12:00 noon</td>
<td>Concepcion, Iloilo</td>
</tr>
<tr>
<td>8:00 p.m.</td>
<td>Busuanga, Palawan</td>
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Figure 1: Path of Typhoon Haiyan

Source: (MapAction, UN Office for the Coordination of Humanitarian Affairs (OCHA) n.d.)

(CEDIM: James Daniell 2014)
surge which reached its highest levels in Tacloban, Leyte (just north of the landfall point in Tolosa where maximum wind speeds were recorded), causing destruction and a large loss of life. GIZ has estimated that 94% of the casualties in the Tacloban area were caused by the storm surge\textsuperscript{12}. Typically, deep ocean waters around the Philippines prevent storm surges however, Tacloban is a city situated along San Pedro Bay: “The bay is relatively deep, but at the north end, near the city of Tacloban, the water becomes shallow and here the typhoon created a big storm surge that devastated most of this low-lying coastal city”\textsuperscript{13}.

On 11\textsuperscript{th} November 2013, the President declared a state of national calamity. Initially, it was estimated that 70-80% of the area in the storm’s path was destroyed and that 90% of homes in the hardest hit areas were lost\textsuperscript{14}.

As of 17\textsuperscript{th} April 2014, the National Disaster Risk Reduction Management Council (NDRRMC) reported 6,300 deaths, 1,061 missing persons, and 28,689 injured. The storm affected over 3.4 million families (over 16 million individuals) of which almost 900,000 families (approximately 4 million individuals) were displaced to evacuation centres. An estimated 490,000 houses were totally damaged and nearly 600,000 houses were partially damaged.

At that time, NDRRMC also estimated that there was almost PHP 9.6 billion (USD 217 million) of infrastructure damage as power lines were down, phone networks weren’t working, water supplies were contaminated and damages occurred to roads, bridges, health facilities and schools. Productive, social and cross-sectoral damages were estimated at PHP 80 billion (USD 1.8 billion).
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4. Pre-typhoon framework and context for microinsurance

Regulations

The Microinsurance Regulatory Framework, developed in 2010, clarifies the insurance providers and distributors eligible to offer microinsurance and the product types that can be developed, amongst other items. For the purposes of this study, the Market Conduct Requirements in Section 7.2 are the most relevant. Here it is stipulated that payment and settlement of claims is to be processed within 10 working days of receipt of complete required documents.\(^{15}\)

Products

Products that form the microinsurance landscape in the relevant areas of this study include:

- **Credit insurance:** For insurance that is included with a loan, mandatory credit life insurance is common where the original face amount of the loan is paid in the event of death of the borrower to cover the outstanding loan balance and provide a benefit for the beneficiary. One organisation has a bundled coverage on all loans that includes credit life, but also calamity, accident, health and payment of loan amortisation for one month in the event of a calamity.

- **Life insurance:** Offers are typically part of a bundled package covering the member, family and dependents (to a specified number) that includes life insurance, accident and a hospital/medical benefit.\(^{16}\) Some organisations also include permanent disability and a calamity assistance benefit.

- **Accident insurance:** For personal accident insurance or accident riders attached to life insurance policies (from above), there are varying definitions in relation to accidents occurring in natural disasters that exist across the companies. Some products have no exclusions relating to natural calamities or Acts of God, consider drowning only as an accident in a calamity event or exclude all Acts of God or Natural Calamities, other than lightning.

- **Calamity coverage:** Definitions of the weather events that would be considered as a calamity vary across companies however, most policy contracts indicate typhoon or flood, or have the catch-all phrase “acts of nature”. One provider does not have a specific definition for calamity. Payment in the event of a disaster is dependent, in some cases, on the damage to the property, whether the residence is totally/ir-reparably damaged, otherwise the claim would be denied. Calamity coverages are most often part of a bundled insurance package with a flat benefit amount of PHP 4,000-5,000 (USD 90.40-113) and can increase to PHP 10,000 (USD 226) if other conditions are met. One organisation included calamity insurance as part of a mandatory package and another provider sold the product to the intermediary so all of their clients were automatically covered. The other calamity offers were voluntary products. One company has calamity riders attached to other products.

- **Funeral benefits:** Offers are typically part of a bundled package.

Key insurance industry relationships for Typhoon Haiyan microinsurance

A summary of the providers, products and key intermediaries involved in the settlement of claims for Typhoon Haiyan are exhibited in Table 1.

To simplify the information presented, data in this study is categorised by the key intermediary [distribution channel].

---

15 Insurance Memorandum Circular (IMC) 1-2010 “Regulations for the Provision of Microinsurance Products and Services” was issued by IC together in the public launching of the Regulatory Framework in January 2010. The minimum documentation requirements are stipulated in Annex 1 of IMC 1-2010.

16 The hospital/medical benefit can be subject to conditions such as for vehicular accident only.
Reinsurance

Not all companies interviewed had catastrophe reinsurance. Two companies that offer a calamity product were not able to obtain reinsurance and another company has reinsurance for the policyholder of a life policy however, there is no reinsurance for the dependent coverage or credit life. One company without reinsurance started discussions with a potential reinsurer that even visited the insurer in Manila for an on-site assessment however, a quote was never received. Another company has had the experience that the reinsurer doesn’t want to change procedures to accommodate microinsurance. According to that provider, the nature of their microinsurance product requires a different approach and applying standard reinsurance procedures to this product in fact impedes the effectiveness of the insurance as increased requirements delay claim payments.

Natural catastrophe products

The Philippines does not have a national pooled programme to cover natural catastrophes. The Asian Development Bank (ADB) announced in February 2013 that “the first public-private earthquake insurance pool will be launched in the country to protect small and medium enterprises (SMEs) and the residential sector”, which is targeted to be launched in 2015\(^\text{17}\).

Natural catastrophe insurance in the Philippines is provided by insurance companies. In 2010, a prototype calamity product was developed by PIRA in association with GIZ- MIPSS (Microinsurance Innovations Program for Social Security) which is available to all providers. This is a one-year term coverage of nonlife property insurance with personal accident. In the event of a named peril (fire, lightning, typhoon, floods, earthquake, accidental death, total and permanent disability), PHP 10,000 (USD 226) would be paid per unit with a maximum of three units per family. Depending on the provider, this could be subject to the policyholder having no other similar coverages above the maximum\(^\text{18}\).

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\(^{17}\) (Torres 2013)

\(^{18}\) (Gtz 2010)
5. Post typhoon responses by microinsurance stakeholders

5.1. Regulators

5.1.1. Insurance Commission

The mandate of the IC is “To regulate and supervise the insurance and pre-need industries in accordance with the provisions of the Insurance Code and the Pre-Need Code of the Philippines”[19]. After the typhoon on 8th November, the IC coordinated with various industry stakeholders and associations on 12th November and a resulting memorandum was submitted to the DOF to provide a plan for expeditious processing of insurance claims through the:

- Establishment of CAC in Tacloban
- Submission by all insurance companies of a master list of policyholders in the typhoon stricken areas to assist with reviewing the appropriateness of claims payments and for checking the names of victims
- Authorisation of the initial payment scheme for life insurance of PHP 10,000 (USD 226) or 50% of benefit paid upon submission of minimum documentation requirements, with the balance to be paid upon receipt of standard requirements; this scheme follows the precedent set by RIMANSI/MBAs during the 2011 Typhoon Sendong.
- Enforcement of a premium payment moratorium for 90 days
- Public announcement of the “Agarang Proseso, Benepisyo ay Sigurado” (Claims Action Centre) programme to ensure the public of expeditious processing of insurance claims

Implementation of the plan was officially communicated to the industry through follow-up memorandums and circulars which were later issued with further details. The IC also monitored the industry’s progress in responding to the typhoon by collecting data on claims paid and relief efforts carried out by the industry. These were summarised in progress reports sent to the DOF.

Claims Action Centre

Following the example set by companies such as CLIMBS and MicroEnsure, a CAC, also known as “Agarang Proseso, Benepisyo ay Sigurado”[20], was set up in Tacloban on 13th December 2013. In a memorandum to the DOF from the IC[21], it was recognised that CLIMBS had set up a centre to service farmers, fisher folk and the marginalised in Tacloban, Ormoc and Cebu and had plans for a second centre in Tacloban, while MicroEnsure had set up CACs for the microinsurance population in Tacloban, Ormoc and Iloilo. Therefore, to serve the traditional insurance providers, the Philippine Insurers and Reinsurers Association (PIRA) would establish a centre in Tacloban City Hall and be operational on 13th December 2013.

The centre was manned by representatives from the IC and the insurance industry with the objective of being a one-stop shop to address inquiries from the victims of Typhoon Haiyan. The CAC concluded operations on 15th February 2014. As seen in Table 2, overall 426 claims were properly processed and directed to appropriate insurance companies. The CAC was intended for the traditional insurance providers however, three claims were processed from microinsurance and MBA providers.

Industry interviews were consistent in indicating that the intention of the CAC was admirable however, its effectiveness was hampered by a late start-up date. By mid-December, most microinsurance organisations’ claims gathering processes were well underway so their participation in the CAC had little impact on the overall claims settlement. Other companies started receiving the majority of their claims after the CAC closed, so again for these organisations there was little impact. The industry indicated that in microinsurance, there is a strong relationship between the client and the intermediary and this drives the claims process.

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[19] (Insurance Commission n.d.)
[20] Roughly translates to “Immediate Processing, Assured Benefits”
[21] (Dooc 2013a)
Therefore, clients would most likely have used initiatives stemming from the intermediary rather than the outlet for the general public provided by the CAC.

Even though the majority of the claims made at the CAC were not for microinsurance, it is interesting that as seen in Table 3, the claims payment distribution shows that almost half of the claims were paid in January, two months after the typhoon.

Communication with the industry

The IC was in contact with the industry and its associations to monitor the progress of claims and relief efforts and the CAC. Updates on the industry’s progress were provided to the DOF through memorandums dated 12th November, 29th November, 11th December and 27th January. Formal communication was conveyed notably through Circular letter CL2013-36 (temporary relaxation of identification requirements) on 6th December 2013, which waived official identification documents for life insurance in lieu of the NDRRMC official list of dead and missing; inclusion in the list was to substitute the death certificate requirement for life claims submitted prior to 11th January 2014. The relaxed identification requirements were for the initial payment of the lesser of PHP 10,000 (USD 226) or 50% of the policy. Written certification by the applicant indicating that they were a victim of Typhoon Yolanda and had lost their identification was also needed for the initial payment. The applicant could be the policyholder, claimant beneficiary or representative of the underage beneficiary and the insured and/or claimant must be a permanent or temporary resident or one who conducted business in the affected areas declared to be under the State of Calamity and Severely Affected by Super Typhoon Yolanda issued by NDRRMC. To receive the remaining balance of the claim, standard requirements were to be submitted.22

<table>
<thead>
<tr>
<th>Table 2: Distribution of claims processed at the CAC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product segment</strong></td>
</tr>
<tr>
<td>Non-Life</td>
</tr>
<tr>
<td>Pre-Need</td>
</tr>
<tr>
<td>Life</td>
</tr>
<tr>
<td>Microinsurance</td>
</tr>
<tr>
<td>MBA</td>
</tr>
<tr>
<td>Not identified</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Table 3: CAC distribution of claims payments by month

<table>
<thead>
<tr>
<th>Claims paid</th>
<th>Days in month</th>
<th>Average claims paid per day in month</th>
<th>Most claims paid in a day (date)</th>
</tr>
</thead>
<tbody>
<tr>
<td>December</td>
<td>125</td>
<td>18</td>
<td>6.94</td>
</tr>
<tr>
<td>January</td>
<td>209</td>
<td>31</td>
<td>6.74</td>
</tr>
<tr>
<td>February</td>
<td>89</td>
<td>15</td>
<td>5.93</td>
</tr>
<tr>
<td>March</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>426</strong></td>
<td><strong>67</strong></td>
<td><strong>6.35</strong></td>
</tr>
</tbody>
</table>

Source: Insurance Commission CAC data

22 (Emmanuel F. Dooc 2013b)
Satellite images and mapping

The IC allowed satellite images and crisis mapping for claims validation. This was essential for the expedient claims process conducted by Micro-Ensure.

Tacit approval of payment in kind instead of cash

Due to the destruction, few goods were available to buy and the basic necessities of food and water were scarce. Therefore, the IC allowed payment in the form of goods if the client or beneficiary agreed.

90 day premium payment moratorium

It is important to note that companies found that a large number of clients still made their insurance premium payments under the difficult circumstances even though a 90 day premium payment moratorium was in effect.

5.1.2. Cooperative Development Authority

The Cooperative Development Authority (CDA) performs regulatory services of registration, monitoring and enforcement of cooperatives in the Philippines. In recognition of the damage and casualties resulting from disasters including Typhoon Yolanda, the regulator for the cooperatives issued a memorandum on January 22, 2014, "Regulatory Relief for Cooperatives Affected by 2013 Fortuitous Events", offering relief for cooperatives in designated areas from the submission of mandatory reports for the year 2013 and payment of fines and penalties from the failure of submitting the 2013 reports. These cooperatives are also relieved from the submission of re-

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Box 1

Humanitarian effort of the insurance industry

The entire insurance industry has assisted in the recovery efforts from Typhoon Haiyan. As seen in Table 4, according to PIRA and the Philippines Life Insurance Association (PLIA), cash donations totalling PHP 249 million (USD 5.6 million) plus donations in kind were made to relief efforts by member companies and associations.

Table 4: Cash donations made by insurance companies and associations to Typhoon Haiyan relief efforts

<table>
<thead>
<tr>
<th>Cash donations (PHP)</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIRA 35 million</td>
<td>0.8</td>
</tr>
<tr>
<td>PLIA 214 million</td>
<td>4.8</td>
</tr>
<tr>
<td>Total 249 million</td>
<td>5.6</td>
</tr>
</tbody>
</table>

Source: PIRA and PLIA

By 29th November 2013, IC personnel had donated PHP 31,500 (USD 711.90) in cash along with 13 boxes of clothing, goods and 5 sacks of rice. Thirty IC personnel volunteered on a shifting schedule in the receiving, packing and releasing of goods for typhoon victims.

For microinsurance providers and intermediaries, reports and interviews indicate that within 2 days, assistance was being provided in the hardest hit areas. Memorandums from the IC summarising industry assistance indicate relief efforts were well underway as seen in Table 5.

Table 5: Relief goods released

<table>
<thead>
<tr>
<th>As of</th>
<th>(PHP)</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>11th November 2013</td>
<td>1,700,000</td>
<td>38,420</td>
</tr>
<tr>
<td>29th November 2013</td>
<td>680,000</td>
<td>15,368</td>
</tr>
<tr>
<td>11th December 2013</td>
<td>74,190,000</td>
<td>1,676,694</td>
</tr>
<tr>
<td>Total</td>
<td>76,570,000</td>
<td>1,730,482</td>
</tr>
</tbody>
</table>

Source: Insurance Commission

From interviews with the providers and intermediaries, the table above just touches the surface of the efforts all organisations underwent to assist the typhoon victims. All staff worked relentlessly on relief efforts and claims processing.

CARD MBA is part of the CARD Mutually Reinforcing Institutions (MRI) network which has a Disaster Response (DR) team that prepares, responds to and helps with recovery and mitigation. Within two days of Typhoon Haiyan, the Disaster Response team was dispatched for relief operations, claims settlements and conveying damage assessments to members, staff, offices and operational departments. They have the

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24 According to IC’s 29th November, 2013 Memorandum to DOF
25 Memorandums from IC to DOF dated 29th November, 2013 and 11th December 2013.
26 Center for Agriculture and Rural Development
experience and a system for responding to emergencies. Typhoon Haiyan was on a much greater scale than they had ever anticipated, but the preparedness paid off. For example, in other disasters, in one week most recovery efforts had been stabilised. For Typhoon Haiyan, the Disaster Response team was replenished on a weekly basis and the efforts took six weeks.

MicroEnsure indicated that over and above the facilitation of payment of claims, both MicroEnsure and their partner MFI (Taytay Sa Kauswagan Inc (TSKI)) conducted relief operations and rehabilitation programmes from their own funds, and food and goods raised from donors. TSKI MFI assisted in relief efforts through a network of satellite branches that weren’t badly affected by the storm to get into the hardest hit areas.

CLIMBS brought food into Ormoc and Tacloban within a week of the typhoon. The personnel of their partner coop OCCCI went out to members’ homes to check on them and allowed those with damaged homes to stay at the branch.

In the aftermath of Typhoon Haiyan, Cebuana Lhuillier, in collaboration with GIZ, held relief operations in the most devastated areas (Tacloban, Leyte and Ormoc, Samar) which benefitted more than 3,000 households.

The list of accolades goes on. Since microinsurers are close to the clients, the industry stepped up and was on the front lines for them.

requirements for the “Issuance of the Certificate of Good Standing for Regular Purpose” except payment of the certification fee. Cooperatives were to submit a letter of application for relief signed by the chairperson and/or general manager of the cooperative along with a damage assessment report and a Board or General Assembly resolution requesting the regulatory relief.

This initiative by the CDA was not mentioned by any cooperative in interviews, perhaps indicating that these organisations had little awareness of the regulatory relief available.

5.2. Insurance industry: Insurance companies and intermediaries

5.2.1. Overview of microinsurance claims submitted and paid to date

As of July 2014, based on data supplied by microinsurance providers and intermediaries to the study team, the total claims paid to date for Typhoon Haiyan was 111,461 amounting to PHP 532 million (USD 12 million). Out of the seven providers interviewed in this study, five indicate that all known claims have been paid, however “claims are still trickling in”. Based on claims submitted, but yet to be processed, it is anticipated that at least an additional 10,000 claims from calamity and life insurance products will be paid amounting to approximately PHP 59 million (USD 1.3 million). We are also aware of PHP 95 million (USD 2.1 million) that are not included in the study’s analysis and represent an additional 29% to be added to claims settlements. If these additional payments are made to clients we estimate that the total microinsurance claims paid due to Typhoon Haiyan would be approximately PHP 687 million (USD 15.5 million).

In reviewing the claims paid to date by the companies in Table 6, 80% of the claims amounting to 69% of the total microinsurance claims payout came from two distributors. The data in this table is preliminary as claims are still being settled.

5.2.2. Claims analysis

As seen in Table 7, calamity claims account for 98% of the claims paid and 85% of the total payouts, followed by crop insurance (0.8% of the claims paid, but 11% of the payouts) and life/credit life (0.6% of the claims paid amounting to 4% of the total payouts).

The average claim amount for calamity products was the second lowest at PHP 4,137 (USD 93.50) however, the product provided assistance to the highest number of people.

As discussed earlier in Section 4, the various companies have different definitions for accident insurance and therefore the life/credit life totals include the accident insurance that was paid. As casualties were for the most part concentrated in coastal areas as a result of the storm surge, policies that offered accident coverage inclusive of drowning were paid.

One organisation supplied the data for the family claims included in its basic life coverage and saw that 30.7% (120 out of the 391 life claims) were for children.

27 Due to time constraints, new information presented just prior to report submission was not integrated into the study
28 Data is preliminary and based on data received as of July 2014.
Table 6: Typhoon Haiyan microinsurance claims paid by company

<table>
<thead>
<tr>
<th>Distributor</th>
<th>Claims submitted</th>
<th>Claims paid</th>
<th>Claims submitted (PHP)</th>
<th>Claims paid (PHP)</th>
<th>Denied claims</th>
<th>Average claims payout (PHP)</th>
<th>Distribution of number of claims paid</th>
<th>Distribution of amount of claims paid</th>
<th>Accidental death covered for typhoon</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>59,923</td>
<td>59,044</td>
<td>233,912,621</td>
<td>227,802,621</td>
<td>871</td>
<td>3,858</td>
<td>53%</td>
<td>43%</td>
<td>Yes</td>
</tr>
<tr>
<td>B</td>
<td>33,786</td>
<td>30,100</td>
<td>138,312,930</td>
<td>123,546,530</td>
<td>3,228</td>
<td>4,105</td>
<td>27%</td>
<td>23%</td>
<td>P. Acc²⁹: Yes Life policy: Yes</td>
</tr>
<tr>
<td>C</td>
<td>17,012</td>
<td>17,012</td>
<td>97,970,947</td>
<td>97,970,947</td>
<td>5,759</td>
<td>15%</td>
<td>18%</td>
<td>P. Acc: Yes Life policy: No</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>14,728</td>
<td>4,428</td>
<td>85,624,000</td>
<td>26,785,250</td>
<td>994</td>
<td>6,049</td>
<td>4%</td>
<td>5%</td>
<td>Yes</td>
</tr>
<tr>
<td>E</td>
<td>909</td>
<td>872</td>
<td>66,188,170</td>
<td>56,230,602</td>
<td>39</td>
<td>64,485</td>
<td>1%</td>
<td>11%</td>
<td>N/A</td>
</tr>
<tr>
<td>F</td>
<td>5</td>
<td>5</td>
<td>150,000</td>
<td>150,000</td>
<td>30,000</td>
<td>0%</td>
<td>0%</td>
<td>Drowning only</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>126,363</td>
<td>111,461</td>
<td>622,158,668</td>
<td>532,485,950</td>
<td>5,132</td>
<td>4,777</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data submitted to the study by insurance companies and intermediaries and compiled by the study team

Note: Companies B and D do not have reinsurance. Company C does not have reinsurance for their dependent life or credit life coverage.

Table 7: Typhoon Haiyan microinsurance claims by product

<table>
<thead>
<tr>
<th>Product</th>
<th>Number of claims submitted</th>
<th>Number of claims paid</th>
<th>Claims submitted (PHP)</th>
<th>Claims paid (PHP)</th>
<th>Denied claims²⁸</th>
<th>Average claims payout (PHP)</th>
<th>Distribution of number of claims paid</th>
<th>Distribution of amount of claims paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident</td>
<td>8</td>
<td>8</td>
<td>800,000</td>
<td>800,000</td>
<td>100,000</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Calamity</td>
<td>124,396</td>
<td>109,640</td>
<td>527,360,638</td>
<td>453,590,638</td>
<td>5,068</td>
<td>4,137</td>
<td>98.4%</td>
<td>85%</td>
</tr>
<tr>
<td>Credit life</td>
<td>274</td>
<td>241</td>
<td>14,133,205</td>
<td>11,901,805</td>
<td>25</td>
<td>49,385</td>
<td>0.2%</td>
<td>2%</td>
</tr>
<tr>
<td>Crop insurance²³</td>
<td>909</td>
<td>872</td>
<td>66,188,170</td>
<td>56,230,602</td>
<td>39²²</td>
<td>64,485</td>
<td>0.8%</td>
<td>11%</td>
</tr>
<tr>
<td>Funeral</td>
<td>144</td>
<td>142</td>
<td>856,500</td>
<td>805,250</td>
<td>5,671</td>
<td>5,671</td>
<td>0.1%</td>
<td>0%</td>
</tr>
<tr>
<td>Life insurance</td>
<td>554</td>
<td>480</td>
<td>12,640,500</td>
<td>8,978,000</td>
<td>18,704</td>
<td>18,704</td>
<td>0.4%</td>
<td>2%</td>
</tr>
<tr>
<td>Refund of contribution</td>
<td>78</td>
<td>78</td>
<td>179,655</td>
<td>179,655</td>
<td>2,303</td>
<td>2,303</td>
<td>0.1%</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>126,363</td>
<td>111,461</td>
<td>622,158,668</td>
<td>532,485,950</td>
<td>5,132</td>
<td>4,777</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Data submitted to the study by insurance companies and intermediaries and compiled by the study team

²⁹ P. Acc is an abbreviation of Personal Accident policy. Accident on a life policy refers to is the accident rider which normally equates to a double indemnity in case of death.

²⁸ Denied claims are included in submitted totals.

²³ This may not be all microinsurance. Totals include property insurance affiliated with the crop insurance of 10 policies amounting to 33 million Pesos.

²² These denied claims are eventually reconsidered for payment after the compliance of certain requirements such as incomplete signatures or documentation.
Typhoon Haiyan caused a total of 6,300 casualties. Based on Table 7, there were 863 funeral, credit life and life insurance claims paid, indicating that 13.7% of the casualties had microinsurance which is less than the national market penetration in the Philippines of 24.25%. Most casualties occurred in the coastal areas where the most marginalised live.

The rejection rate for invalid claims from the above chart is 4.4% which is the same as the calamity rejection rate. Denied calamity claims were due to houses being only partially damaged when the coverage was for total damage and in mass assessments, some clients were double paid, did not live in the qualifying area or were not a member of the institution that had purchased the calamity coverage. The credit life rejection rate was 9.4% and was due to there being no record of the coverage that was being claimed.

Even though there were health policies sold to the affected population, no health claims were reported. Industry interviews speculated that health facilities were damaged and emergency health services provided the required services.

Crop damage (bananas, coconuts, pineapple) was mentioned in a number of interviews. Currently crop insurance is only offered through PCIC, the government crop insurer, and claims were relatively low.

**Location of claims**

Claims information by geographical location was provided by the organisations interviewed for 88,456 (79%) out of the 111,461 paid microinsurance claims. Given the 6 landfalls of the typhoon (see Section 3 for the map of Yolanda’s path), it is not surprising that the majority of the claims are in regions of Eastern Visayas (60.4%) and Western Visayas (27.9%) with 2% of the paid claims in the Central Visayas. To be more specific, as seen in Table 8, 49.6% of the paid claims were on the island of Leyte, where the second landfall occurred and 30.5% of paid claims were on Panay Island (where the fifth landfall occurred in Iloilo).

5.2.3. Claims processing

Access was limited in stricken areas after the typhoon.
To understand the challenge that faced the insurance industry in settling claims, it is important to comprehend the extent of the damage. In Tacloban, a resident replayed his ordeal of how water rushed through the streets and they could barely open the front door of his home. As water rushed in, his family tried to swim to safety against the wall of water. Another resident saw her mother being swept away by the water through the front door of their home. She grabbed and held on to her mother with all of her strength with her good arm as the other arm, in a sling, held on for safety; preventing both of them from being swept away by the torrent of water.

This was a tragedy that didn’t differentiate between young or old, rich or poor. After the storm, stories were told describing the aftermath; the silence was deafening as people walked in a daze through the streets and all accounts described how it looked like a bomb had gone off; trucks were overturned, debris blocked the streets and there were bodies everywhere.

### Table 8: Distribution of paid claims by island

<table>
<thead>
<tr>
<th>Island</th>
<th>Number of paid claims</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leyte</td>
<td>43,845</td>
<td>49.6%</td>
</tr>
<tr>
<td>Panay</td>
<td>26,968</td>
<td>30.5%</td>
</tr>
<tr>
<td>Samar</td>
<td>8,045</td>
<td>9.1%</td>
</tr>
<tr>
<td>Biliran</td>
<td>4,109</td>
<td>4.6%</td>
</tr>
<tr>
<td>Mindoro</td>
<td>1,235</td>
<td>1.4%</td>
</tr>
<tr>
<td><strong>Total of all islands</strong></td>
<td><strong>88,456</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

**Source:** Data submitted to the study by insurance companies and intermediaries and then compiled by the study team

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Rejection rate: total rejections/(total paid claims + rejections)
During an interview at city hall, the City Disaster Risk Reduction and Management Council (CDRRMC) manager pointed across the bay to where the airport is. That was one of the hardest hit areas and the waves of the storm surge brought debris and bodies from that side of the bay to the City Hall grounds.

A coop manager and his family went to the cooperative for safety and found others there. For a week they survived on coffee made from rain dripping from the ceiling and biscuits. There was no power, no fresh water, little food and no phone service. The coop generator allowed them to boil water. When the food was gone, he went to the streets and begged the looters for food. The family did not dare go to the helicopter food drops as they were afraid for their safety.

It took a week for aid to reach the hardest hit area of Tacloban.

In the aftermath of the typhoon, there were no available banking facilities. Interviews revealed that even two weeks after Typhoon Haiyan, two banks were open and there was a limit on withdrawals. In fact, reports indicate that it wasn’t until January that full banking facilities were open. It would take 4-5 hours to withdraw cash and traveling to an ATM that was open involved crossing areas where hijacking was common.

In the lesser hit areas and eventually the hardest hit, many companies and intermediaries provided immediate (within 2 to 7 days) relief operations to staff and members of financial institutions including food, water, canned goods etc. in dangerous conditions as debris blocked roadways and looters were prevalent.

Claims processing was delayed until people were reached or found in the case of missing persons or families that had relocated to another area as their home were totally damaged. Within these chaotic conditions and mass destruction, paper and electronic information was lost or not accessible so adaptations were needed.

5.2.3.1. Documentation requirements

5.2.3.1.1. Calamity claims

Due to the extent of the damage, some companies were able to use mass onsite assessments of areas rather than prepare individual claims, reducing the clients’ documentation requirements.

MicroEnsure relied on satellite imaging and crisis maps in the assessment of claims to identify the extent of damage in areas affected by the calamity in a shorter time period. Use of this technology enabled insurance companies to call on cash advances from their reinsurers based on the amount of damage providing an independent, credible and trustworthy assessor of the damage. The intermediary had a client list (computer backups were protected from the typhoon and MicroEnsure had a master list) and went to clients with claims forms. Clients provided identification, a picture of the property and a declaration of claim. For claims in areas classified to have catastrophic damage, only claimant statements were required. On-site inspections were still necessary as the satellite images did not have a high enough resolution in some cases to determine the extent of damage. MicroEnsure also set up a CAC which they and their MFI’s field personnel manned.

Representatives visited areas and saw the damage themselves. Two providers were in Tacloban within a week and based on what they saw, they declared which areas and associated addresses would be paid claims. They then relied on the intermediary and its network to find the affected clients and file a group claim on behalf of all clients that lived in the declared areas.

One of the two providers mentioned above stated that, based on the damage seen, it was decided that everyone in the area would get paid. Members would go to the CAC to complete a simplified claims form. As the calamity insurance covered all members of the intermediary, criteria for payment was being an active member on the application and photos were not needed. The claims form required name, location, address and a list of some of the property. The provider relied on the coop to certify that they were members by cross-checking the claim with a master member list obtained from databanks. Group claims were submitted to the provider in batches, rather than individually.

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34 Damage was categorised as catastrophic, extensive, moderate or limited which provided an estimate of the level of destruction in the area and the estimated number of affected clients of the MFI in that area ranging from 20% to 100%. The benefit is given in full amount per client no matter the level of destruction to the area or structure in this case.

25 The President’s declaration of state of national calamity Proclamation No 682 was sufficient rather than NDRRMC certifications.
Adaptations made to documentation processes during the typhoon response. Company B made their first batch payment to their intermediary in mid-February and after that time monitored claims more closely. Initially, claims requirements were relaxed and were based only on the location of the house, but after mid-February, in addition to a declaration form, a barangay certification and a photo of the damaged residence were required. The intermediary also found that inactive members were becoming active members to obtain the coverage. The claims documentation process was still facilitated by the intermediary however, more onsite inspections were done by the provider. This lengthened the claims processing time from submission of the claim documents.

5.2.3.1.2. Life claims

With a circular issued from the IC, the lower of 50% or PHP 10,000 (USD 226) of the life claim benefit could be paid immediately by using the NDRRMC official list of dead and missing to substitute the death certificate requirement for life claims submitted prior to 11th January 2014. Payment of the balance of the claim required regular documentation.

Company C accepted alternative documents such as barangay certification and certification of the unit manager that people were members. They also assisted members in obtaining birth certificates and marriage contracts through the National Statistics Office (NSO) document service request and by paying the associated fee.

Company B indicated that death certificates were issued by the barangay so documentation was not an issue. They also verified cause of death from police incident reports. If all members of a family had died, the intermediary was relied upon to determine the nearest next of kin and ensure a police incident report and a barangay clearance were submitted. People preferred to get paid through an auto pay mechanism rather than cheques as it was quicker and ensured a direct deposit.

One intermediary indicated that some members did not have documents as they were destroyed in the typhoon, so relatives of the dead could not present proper documentation. In this instance an NGO is helping them to secure documents.

Missing persons

Life insurance is normally paid upon the death of an individual however, with the large number of missing persons due to the typhoon and no body for proof of death, some concessions were made by the insurance industry to address claims arising from this situation. It is up to the individual civic registrars to determine the time period of when a missing person is declared dead. Legally, one must wait seven years. Precedents have been set in previous disasters for Typhoon Sendong to wait only two years. Rumor had it in Tacloban that in June, missing persons were being declared dead, but this has not been verified. Some paid the entire death claim for missing persons with the understanding that monies would be repaid if the person was found alive. Others paid 50% of the claim if the person was on the official missing persons list and awaited the final declaration of death to complete the claim extending the claims processing time to, possibly, years. Yet, another policy provided a partial payment of 50% and a full payment is to be made after one year with full documentation.

5.2.3.2. Rejections

Rejections, denials or ineligible claims were determined by some intermediaries or the provider. When Company B reviewed the batch claims submitted by their intermediary, they discovered that in the mass assessments, some clients were double paid, did not live in the qualifying area or were not a member of the intermediary that had purchased the calamity coverage, resulting in a 10% rejection rate on their calamity product. In addition, their credit life rejections were due to there being no record of the coverage that was being claimed. As a result, they scrutinised all claims again for discrepancies, monitored future claims more closely and implemented more documentation requirements (i.e. claims could not be made just based on origin anymore as in the early stages of assessment).

Rejections for Company A were discovered by the intermediary and were mostly due to non-existent policies, lack of coverage on the date of the calamity, fraud or the maximum benefit for calamity had been used.

Company D has so far experienced a 19% rejection rate on its calamity product. The calamity product only pays if the house is totally or irreparably damaged. Their claims started coming in later than other organisations and they found that people had started to rebuild their homes already so assessing total damage was a difficult exercise.

5.2.3.3. Claims processing times

Twenty seven percent of the eventual total claim amount was processed and paid in the first 4.5 weeks after the typhoon. Based on data reported to the IC and forwarded in memos to
Aiding the disaster recovery process - The effectiveness of microinsurance service providers’ response to Typhoon Haiyan

By 29th November 2013, 3 weeks after the typhoon, over 13,000 microinsurance claims had been paid amounting to over PHP 78.5 million (USD 1.78 million). As seen in Table 9, by 11th December 2013, PHP 146 million (USD 3.3 million) had been paid in claims, which accounts for 27% of the total microinsurance claims paid across all providers as of July 2014.

Of note, Company A had paid PHP 110 million (USD 2.5 million) or 48% of its eventual total claims amount to clients by 11th December 2013. Initially claims were paid quickly as most intermediaries had funds from which they paid the clients in advance and awaited reimbursement from the insurance companies. Table 9 represents when clients were paid by the intermediary, not when the insurance companies reimbursed the intermediary.

The networks of the intermediaries (brokers, cooperatives and MFIs) were essential in assisting clients with requirements to get timely payments. The affiliated branches of the intermediaries worked together to act as communication centres (when phone service was down in hard hit areas) and storage points for relief goods as they made their way to stricken areas. The intermediaries were the front line that knows the clients, their friends and families and therefore their whereabouts. It was the strength of the client-intermediary relationship that was the underlying factor in assisting members quickly. MFIs usually have regular contact with their members, especially those that collect loan payments on a weekly basis. Cooperatives, on the other hand, may only see the less active members a few times a year which proved to be a factor in the timeliness of the claims settlement process. One cooperative said that they relied on field staff, cluster officers and members to locate members through word of mouth.

As mentioned previously, CARD MBA has a DR team and it was this trained network that helped facilitate expedient claims processing and payments. When locating members was difficult, the community network was tapped for assistance.

To ensure timely claims payments, some insurance companies took cash in hand to the stricken areas as banks were not operational. For the insurance providers to carry large amounts of cash into this environment was very risky but it was felt that the benefits outweighed the risks as the people were being helped. The networks of branches helped with security as money was brought in from outside areas. Ultimately, making cash payments to clients quickened the claims process as few facilities were open to cash cheques.

Some microinsurance providers set up CACs in the hardest hit areas to expedite claims processing. CLIMBS set up 3 CACs on the island of Leyte in Ormoc and Tacloban (two CAC centres) and one in Cebu City. The intermediary [a cooperative] made an arrangement with a member-owned hardware store to provide construction materials in lieu of a cash claims payment and 3,000 construction slips were created and disbursed from the CAC. The cooperative manned the CACs and facilitated most of the insurance claims there. MicroEnsure’s MFI partners manned their CACs.

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Table 9: Microinsurance claims paid in the month after Typhoon Haiyan

<table>
<thead>
<tr>
<th>As of:</th>
<th>Number of claims paid</th>
<th>Amount of claims paid to client (000’s PHP)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Company A</td>
<td>Aggregate data in memos</td>
</tr>
<tr>
<td>29th November 2013</td>
<td>8,000</td>
<td>13,397</td>
</tr>
<tr>
<td>11th December 2013</td>
<td>8,000</td>
<td>10,100</td>
</tr>
<tr>
<td>Total</td>
<td>16,000</td>
<td>23,497</td>
</tr>
<tr>
<td>Paid claims reported to study by 31st July 2014</td>
<td>59,044</td>
<td>111,461</td>
</tr>
<tr>
<td>Percent of company’s total claims paid by 11th December 2013</td>
<td>27%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Source: Insurance Commission and company data provided by insurers.

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36 Memorandums from IC to DOF dated November 29, 2013 and December 11, 2013. Where data received from companies differed from the memorandums, the company data was used.
37 Data is preliminary.
The consensus is that claims processing and payment times were longer than normal as calamity claims took a month or more to process once submitted, except for CARD MBA who for the most part paid their claims in 1-3-5 days after submission. CARD MBA also had 95% of life claims paid by 31st January 2013 (some life claims were delayed as the beneficiary had migrated and could not be located). The aforementioned DR team was essential in the bulk claims assessments. CARD MBA has a volunteer MBA co-ordinator at each of the branches. They know the members by name and face and are trained on how to help in the settlement of claims by communicating with the office, helping the beneficiary through the claims process and adding the personal touches, such as going to the member’s homes. This strong relationship helped locate clients and pay them in a very timely manner. All life claims were paid by cash on the ground at the grass roots level.

Cocolife, the provider for MicroEnsure’s life policies, processed and paid those claims in 5 to 10 days.

Other providers cite that processing the large volume of claims and slow reimbursements from insurance companies delayed payment processes. One company prioritised claims based on damage so those with the worst damage received payments first and others with partially damaged residences received payment in installments.

In some cases, the insurance company asked the intermediary to delay claims submissions for some products as there were too many other claims for the provider to process at once. Unfortunately, due to disputes, not only did clients have to wait for the claims to be submitted, the actual payment of claims was delayed by three to four months.

The study team estimates that upwards of thirty-five percent of the total claims were paid by the end of December 2013 and nearly sixty percent by March 2014. Claims were still being submitted in February and March. It was indicated that people didn’t take time to place claims as they had other priorities [finding shelter, food, and family members], were displaced or temporarily migrated out of the area so didn’t tend to such matters until they came back or didn’t know there was coverage and heard by word of mouth. Those with higher incomes also didn’t need the money immediately so they delayed placing claims. Some people delayed placing claims because they received international aid and applied for insurance benefits once the aid had run out. Company B noticed that most life claims were submitted in April and May. Since these were credit life, it is possible that the deaths came to the attention of the intermediaries when loans became delinquent and payment was pursued.

Company D’s intermediary started encouraging the claims process in January to April and those claims were still coming in, albeit more slowly, in July. The intermediary delayed the claims process as their clients had international aid, were displaced and had other priorities in recovering from the disaster so the MFI chose to wait. With the influx of claims, as of July 18, 2014, the provider still needed to process 75% of those claims.

Company F and others diligently scoured the lists from NDRRMC to find clients who may be insured and were surprised at how few they found on the list.

PCIC, the government crop insurance provider, started looking at claims three weeks after the event. To fast track processing, top management ordered that each farm be visited to ascertain whether there was damage. The most difficult challenge was coping with the influx of claims and how to assess the claims all at one time so the government approved the hiring of a reserve corps of adjustors as part of job generation. The crop insurance payments were completed by March 2014 and the insurance for buildings destroyed by the typhoon were paid in full as of 11th June 2014.

Delayed insurance reimbursement to the intermediaries did cause some delay in the payment of claims to clients. As mentioned earlier, to expedite the claims process, some intermediaries paid clients from funds set aside for that purpose. However, for this event, some funds were not sufficient and the delayed reimbursement impacted decisions on client payments. In the cases where clients were not paid an advance by the intermediary, the delay in the claims payment by the insurance company was upsetting to the clients and the intermediary had to mediate.

Company A indicated that the MFI upfronted the cost and prioritised claim payments to pay the hardest hit clients first, expecting a quick reimbursement in mid-December. Payment was delayed from the provider as they were waiting for approval from the reinsurer. The provider did make one payment prior to approval in December and then paid in two additional staggered payments in February and

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38 Based on preliminary data.
April. If they had known of the lengthy reimbursement process, Company A indicated that the claims payments would have been spread to more of the victims earlier.

Company B made payments to their intermediary in February and June. Payouts were delayed as due diligence on the first tranches revealed a high number of invalid claims that were paid by the intermediary; therefore all subsequent claims required further review by the provider, instead of relying solely on the intermediary to qualify claims as it had initially. In short, after the first payment, Company B monitored the claims more closely which took more time.

By February, the providers’ reimbursements were on par with the payouts made by the intermediaries on an industry basis. Figure 2 illustrates the reimbursement delay in terms of a cumulative percentage of total claims paid as of July 2014. If intermediaries did not advance claims payments, the clients had to wait for the provider to settle the claims to receive funds. In some cases, this was over a month, and for some products, this delay was extended to over four months due to decisions to process other products first because of the sheer volume of claims. We are also aware of some claims for certain products lines that are in dispute between the intermediary and provider.

5.2.3.4. Reinsurance

Different companies had varying experiences with reinsurance. Some reinsurers were accommodating in the claims settlement and ensuing renewal process.

One provider experienced delays from the reinsurer for the cash calls, so the provider paid the first tranche of claims payment to the intermediaries ahead of the cash calls from the reinsurer so that claimants in highly devastated areas could already seek financial relief from the claim benefits. An agreement in claims handling and guidelines specific to Typhoon Haiyan at the early stages of the aftermath made the claims settlement process more expeditious and straightforward.

Two other providers did not have reinsurance. One started discussions with a potential reinsurer and even had an on-site visit with them, however, a quote was never received. A second insurer did not have cover because the reinsurer it had approached did not want to change procedures to accommodate microinsurance. According to that provider, the nature of their microinsurance product requires a different approach and applying standard reinsurance procedures to this product in fact impedes the effectiveness of the insurance.

5.3. Impact of microinsurance on clients

Based on interviews with clients, providers and intermediaries, microinsurance did make a difference in the recovery from the typhoon. Some areas did not receive much of any assistance for rebuilding their homes, so insurance was a welcome relief. The majority of people expect home repairs will happen over time and are a longer-term goal.

The consultant also queried some claimants on how they spent their benefit payments. Generally, 50% went toward repairing their homes and 50% into re-establishing their livelihood. Investment in livelihood was most important for some and took priority over fixing their home as earning money would provide funds for repairs later. Besides, benefit amounts

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39 Claims amounts paid by month was provided for 84% of the total claims paid to clients as of July 2014. The chart does not reflect claims submitted.

40 An example would be boat repairs for fishermen.
were not enough to fully repair the homes anyway. The message was consistent across all FGDs that more money was needed to rebuild homes and larger insurance benefit amounts were desired.

One FGD involved farmers whose crops were planted shortly before the typhoon and therefore there was no damage (the young seedlings could recover) so all of their insurance proceeds went towards home repairs. This area didn't receive any international aid so they were very grateful to have the insurance assistance. In this area also, even though all monies went towards home repairs, the benefit wasn't sufficient to fully repair their homes.

The experience of the aftermath of the typhoon has increased insurance awareness. Providers, intermediaries and clients all support the notion that people are asking more about insurance now. Two organisations indicated that as life claims were being settled, the beneficiaries were inquiring about calamity insurance. Box 2 describes a community's recovery and how insurance can help them in the future.

**5.4. Impact of the typhoon on providers and intermediaries**

As mentioned previously, clients are asking for insurance and see its value more than before so some companies are reporting that selling life and calamity insurance is easy now.

Some companies are seeing geographical gaps in their coverage and are actively seeking to expand into the rural communities and the marginalised in the cities where coverage was low. Cebuana LHuillier had minimal claims due to the typhoon and therefore, in recognising the gaps in their coverage, they have created new products and are going into the rural communities with vans displaying the slogan “Microinsurance on Wheels” to sell products. Pioneer now has more microinsurance agents. Driven by the incentive of wanting to help and reach more people, they recognise more agents are needed.

The disaster has caused some providers to review their product offers, mostly due to high claims and lack of reinsurance. One calamity product was redesigned, another provider has stopped issuing their calamity product altogether and a third provider has tightened its review and acceptances for calamity assistance cover. One company which is repricing its product also introduced a maximum benefit per organisation per event. As this change lowers the benefit amount paid per member, the intermediaries are now offering the calamity coverage only to members in “good standing”, subject to a criteria list which lowers the number of covered members by approximately 90%. Several organisations also report that reinsurance costs have gone up.

PCIC is offering free coverage (including pests and diseases) for 2014 to all farmers listed in the Registry System for Basic Sectors in Agriculture (RS-BSA) with under seven hectares of land in the declared regions, whether the farmer was a policyholder or not. No premiums are expected and part of the service is informing farmers about insurance at meetings.

Some companies are seeking catastrophe reinsurance.

In general, organisations are considering options on how to protect their members whether through calamity insurance products or education programmes. The typhoon has brought the need to a forefront. The DOF has created a rehabilitation loan for victims of Yolanda with mandatory

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**Box 2 Microinsurance makes a difference in Panay Island**

One FGD was held in a barangay on the Northern Panay Island coast. We could see the beach and the ocean on the other side of the road. This group indicated that 97% of their homes were totally damaged (the person who reported the number to the barangay officials was in the FGD so the number is accurate) as were their husbands' fishing boats. The women dried fish for income, but with damage to the boats that income source was gone so the day after the typhoon, the women picked rocks and sold them to those who could repair their homes to make some money.

The barangay government provided food, relief goods and 200 pesos per household two days after Yolanda. The perception is that this area has received little assistance to rebuild their homes aside from some goods and tools from NGOs and an aid organisation. As of June 2014, not all fishing boats were repaired so those without income were earning less than minimum wage drying fish caught by fishers whose boats have been repaired. The community is struggling; homes are not repaired. In this situation, insurance made a large impact on the clients and the community because it was all the help they received.

They want the world to know: We need help rebuilding our homes, we want larger benefits and we want livelihood insurance.
Box 3
Department of Finance MIDAS Fund

After Yolanda, there was so much interest in calamity cover from the insuring public in Luzon and Mindanao, particularly in Visayas. The Philippines Government, through the DOF, shall infuse a rehabilitation fund of PHP 2 Billion (USD 45.2 million). The project is called the Microenterprise Development Assistance (MIDAS) Fund, which aims to help Yolanda areas rebuild their respective communities and livelihood. Conduits for the fund shall be through five identified MFIs, which have strong distribution networks in the affected areas. The target of the MIDAS Fund is to have an outreach of 500,000 loan borrowers/loan beneficiaries with a minimum loan of PHP 1,000 (USD 22.60) and maximum loan of PHP 10,000 (USD 226). A component of the loan shall be a compulsory microinsurance product to protect loan borrowers from the adverse effects of death, disability and property loss.

The IC has been involved and has asked insurance companies to address the risk exposure of MIDAS. The collaboration has developed the CreSF microinsurance programme with accidental death, permanent disability, burial, fire, calamity and natural perils. Any licensed company can get approval and use the product. All can underwrite the same product for the same cost. Parameters are the same for everybody. The project was announced on June 12, but will be implemented in July, so as of yet no loans have been issued.

Source: Bankers Assurance (written response to interview questions)

nonlife insurance in collaboration with insurance providers; a product was designed where all insurance companies involved will charge the same premium for a similar product design. An insurance company received first approval for the product in June, but as of yet, the government has not released any loans. The product is explained in Box 3.

Discussions are occurring in regard to a DOF resiliency fund for MFIs to provide bridge financing in the event of a disaster.

As announced on 29th May 2014, the IC is in the consultation stages of developing a CAT model for the Philippines with the ADB, World Bank and other stakeholders. “As stipulated in the MOU, the parties will conduct ‘research work and parallel studies on earthquake, fire, flood, severe wind and other hazards intended as inputs to the build-up of data for the government’s Risk Mitigation/Assessment and Risk Reduction Management Programs.’”

Since Typhoon Haiyan, other catastrophe proposals have been announced through the United Nations Office for Disaster Risk Reduction (UNISDR)\(^4\) and The National Reinsurance Corporation\(^5\), however no products are in place to date.

5.5. Challenges encountered in delivery of response

Access issues

Due to the damage and debris there were many logistical issues in regards to telecommunication, transportation, basic necessities, closed banks, damage to branch offices and the loss of paper and computer records in areas that had been devastated. In certain areas, there was no cell phone service or landlines (in June 2014, landlines in Tacloban still weren’t operational), and public utilities such as transportation, electricity, water and gasoline, were limited. Food supplies and other relief items were needed in these areas and the banks that were open had a limit on withdrawal amounts.

Insurance related issues

- The security and safety of staff was most important. Staff were also victims who had lost their homes and loved ones, so delays occurred in reporting to work until they had ensured their families were safe. Given the wind and water damage, documents were destroyed at branches and clients’ homes and locating displaced persons, especially those that went to stay with family outside the immediate area, was difficult and slowed the identification of real missing persons.

- With so many claims, assessing the claims in bulk was necessary. Efficiencies were needed to process the large number of claims. Some barangays were 100% destroyed so using property addresses could facilitate those claims. However, for other areas, assessors went from house to house looking at damages.

- To manage funds and pay claims, the timeliness of approval and payments by the insurance companies, and potentially the reinsurers to reimburse the intermediaries who paid clients directly, was essential to continuing to process claims; however in some instances the de-
layed reimbursements hampered efforts.

- Official missing persons’ beneficiaries could receive 50% of a death benefit, but each has its own settlement policy.
- The lack of reinsurance put a strain on finances and reserve funds of some organisations.
- The large number of claims stretched resources for the intermediaries and the insurance companies as they tried to process them.

Keeping perspective

In many cases, filing an insurance claim was a lower priority than finding loved ones, immediate food and shelter and rebuilding homes resulting in delayed claims filing.

5.6. Lessons learned

To better prepare for future disasters, lessons learned can be used as a guideline for future plans.

Overall, in the recovery from Typhoon Haiyan, microinsurance made a difference. Microinsurance helped people restart their livelihoods and rebuild homes and was especially helpful to those persons that fell in the “gaps” and did not receive supplemental aid from NGOs or the government. Even with microinsurance, though, they still need more money to rebuild homes. Higher benefit amounts are desired.

Lessons pertaining to products

- Small amounts of insurance covering a large number of people were helpful to all. It also fills the gaps especially for those that do not receive international aid or receive very small amounts. However, more people require coverage, especially in rural areas. Further, higher benefits are desired as those in the hardest hit areas want help to rebuild their homes.
- Those without loans were less likely to be insured. Loan providers are a good distribution channel however, an insurance gap exists with those not incurring debt.
- There is a need for more non-life insurance (property, crop insurance) as those hardest hit were farmers and agricultural businesses. Protection for business and livelihood interruption is also needed.
- Inconsistency of definition in accident products across the companies could cause confusion with clients. For consumer protection and understanding, these definitions need to be clearer and communicated to clients.
- Clients and intermediaries require a better understanding of the calamity coverage and the insurance companies need to be strong enough to honour valid policy commitments.

Lessons pertaining to claims processing

- More capacity building is required for intermediaries to verify claims and quickly reject those that are invalid.
- Efficiencies in claim processing should be improved.
- Agreements are needed with providers and reinsurers in regards to the amount of funds that will be advanced in case of large scale events like Haiyan.
- All providers and intermediaries need to have a liquidity policy that enables a quick payment of claims in these types of situations. All stakeholders need to be flexible and responsive.

- Waiting to submit and process claims until the situation on the ground has stabilised is a valid and effective approach of claims settlement for some client bases. Microinsurance can be used as a disaster management tool to supplement the international and relief efforts. Claims processing and management in disaster zones would be less prone to errors once the environment has stabilised.

Lessons pertaining to logistics

- Aside from insurance payments, microinsurance intermediaries were a vital aspect to the relief and recovery from the typhoon as they are on the ground with a direct link to the people.

Lessons pertaining to insurance industry partnerships

- Detailed planning for the occurrence of a disastrous event between the provider and intermediary was key in the quick response and settlement of claims for some organisations.

- An intermediary that has regular contact with the client (weekly) such as an MFI knows the clients, so has an easier time locating and identifying them in a disaster situation.

- A strong, efficient intermediary with financial resources is essential as they are on the front lines face to face with the clients, locating clients and processing claims. For quick claims payments the intermediary pays the claims out of their funds and awaits reimbursement. In the case of Typhoon Haiyan that involved a substantial amount of money.
Aiding the disaster recovery process - The effectiveness of microinsurance service providers’ response to Typhoon Haiyan

- An extensive branch/company network that can provide resources and support facilitated quicker access to the clients and is therefore a valuable attribute in a partner.

- Personal assistance to clients while making the claim was an essential aspect for expedient claims settlement by one provider and therefore will help in the further advocacy for insurance in general – go to the client!

- Efficient claims validation and processing on the part of the intermediary and the provider will add to client value and it is essential for fast claims payments however, quality controls need to be maintained. A provider that has trust and confidence in their distribution partner’s claims process allows for quicker claims settlements.

- A strong and committed relationship, with good communication between the insurance company and intermediary, will ease the work.

- An insurance company and intermediary with a common vision and values contributes to trust and positive, efficient operations.

- Strong relationships with the reinsurers will also help hasten response efforts.

Concerns for regulators

- A review of the appropriation of funds for calamities appears to be needed. The new Insurance Code limits the total net equity to 20% of unappropriated member equity surplus. For smaller providers (MBAs), that may not be enough in a calamity situation.

- There is a need for catastrophe reinsurance for everyone. The study team finds it difficult to understand how companies can be offering (or be allowed to offer) calamity products without catastrophe reinsurance; especially in a country prone to natural disasters.

Advice for the use of technology

- Use of satellite phones for better communication should be considered.

- Higher satellite resolution is needed so crisis mapping can be more effective.
6. Disaster Risk Management

6.1. Cornerstones of the plan

The National Disaster Risk Reduction and Management Plan (NDRRMP), issued in 2011 with an implementation deadline of 2028, has four key areas forming the basis of the plan: disaster prevention and mitigation, disaster preparedness, disaster response, and disaster rehabilitation and recovery (see Figure 3).

The Office of Civil Defense (OCD) develops, implements and monitors the plan with other key agencies holding responsibilities, as seen in Table 10.

With national goals and various agencies involved, the OCD also aligns the NDRRMP with national plans such as the Philippine Development Plan, National Climate Change Action Plan, and National Security Policy such that DRRM activities are integrated with budget allocations by relevant government line agencies. The NDRRMP also outlines the roles of the national government, the NDRRMC, OCD and the regional, provincial, city, munici-

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**Table 10: Agency responsibilities in NDRRMP**

<table>
<thead>
<tr>
<th>Disaster prevention and mitigation</th>
<th>Lead agency</th>
<th>Sub agencies with assigned responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Science and Technol-</td>
<td>OCD, Department of Environment and Natural Resources (DENR),</td>
<td></td>
</tr>
<tr>
<td>ogy (DOST)</td>
<td>Department of Public Works and Highways (DPWH), DOF, DOST</td>
<td></td>
</tr>
</tbody>
</table>

| Disaster preparedness             | Department of Interior and Local Government (DILG) | Philippine Information Agency (PIA), DILG, OCD, |
|-----------------------------------|----------------------------------------------------|

| Disaster response                 | Department of Social Welfare and Development (DSWD) | Disaster Risk Reduction and Management Councils (DRRMCs), OCD, DSWD, Department of National Defense (DND), DILG, Department of Health (DOH), Local government units (LGUs) |
|-----------------------------------|----------------------------------------------------|

| Disaster rehabilitation and recovery | National Economic and Development Authority (NEDA) | OCD, DPWH, National Housing Authority (NHA), DOH, DSWD, Additional agencies to be determined based on the affected sectors |

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**Figure 3: The four cornerstones of NDRRMP 2011-2028**

- **Disaster prevention and mitigation**
  - Avoid hazards and mitigate their potential impacts by reducing vulnerabilities and exposure and enhancing capacities of communities

- **Disaster rehabilitation and recovery**
  - Restore and improve facilities, livelihood and living conditions and organizational capacities or affected communities and reduced disaster risks in accordance with the “building back better” principle.

- **Safer, adaptive and disaster resilient Filipino communities towards sustainable development**

- **Disaster preparedness**
  - Establish and strengthen capacities of communities to anticipate, cope and recover from the negative impacts of emergency occurrences and disasters

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This section is adapted from the signed NDRRMP document: National Disaster Risk Reduction and Management Plan (NDRRMP) 2011-2028
6.2. Linking microinsurance to the DRM framework

Microinsurance is not specifically mentioned in the NDRRMP, however it can play a very strong role in risk financing and protection goals outlined in the Disaster Prevention and Mitigation and the Disaster Rehabilitation and Recovery sections of the plan. A key goal in the Disaster Prevention and Mitigation cornerstone is “Communities’ access to effective and applicable disaster risk financing and insurance”; a responsibility of the lead agency, the DOF. The development of a risk financing plan is identified as a NDRRMP priority project to be implemented from 2011 to 2013. This priority phase is to increase “the availability and access to various disaster risk financing and insurance schemes for vulnerable groups and/or communities” by promoting “insurance schemes among production sector, supply sector, local communities and responders.”

The second phase of this disaster risk financing and insurance outcome is to develop “mechanisms for increased risk financing modalities”. This is to be 60% completed by 2016 and finished by 2028 through “conducting research and developing new modalities for risk financing schemes” and “developing an advocacy and risk communication plan to encourage communities to avail of risk financing options.”

Under Disaster Rehabilitation and Recovery, the plan specifically states to “identify the needed assistance and formulate/implement appropriate programs” for the creation of “Livelihood programs and projects,” while Outcome 24 of the NDRRMP establishes a goal of “developing appropriate risk protection measures for the vulnerable population” in terms of a “psychologically safe, sound and secured citizenry”. Microinsurance could relate to these objectives as indicated earlier in the report and livelihood protection insurance is a desired need of the victims of the typhoon.

Finally, in order to meet goals established in the NDRRMP, “Adaptation and Risk Financing” are identified as “sources that can be tapped to fund various projects”, a category that can include microinsurance.

6.3. The four cornerstones in relation to Typhoon Haiyan

This section relates the typhoon recovery efforts to each of the cornerstones of the NDRRMP.

Overall recovery efforts in the aftermath of the typhoon received a high rating from surveys conducted by Social Weather Station and Asia Foundation, in light of demonstrations and reports of slow relief responses. The survey indicates that 73% of Yolanda victims were satisfied with the president’s performance and details from a follow-up survey with a larger sample (600 people) from the Visayas region supports this result.

Keeping that perspective in mind, during the in-country visit, the interviews and personal accounts from Tacloban, Northern Panay Island and Ormoc were from three of the hardest hit areas so the experiences detailed in the next sections may be more intensified than the experiences of the population in the whole Visayas region.

6.3.1. Disaster prevention and mitigation

The avoidance or lessening of adverse impacts of disasters through advance actions is the key concept in the NDRRMP’s disaster prevention and mitigation strategy. The Typhoon Haiyan experience exposed deficiencies in the plan and enforces that action is needed in these areas.

Coastal areas, identified in the NDRRMP as being vulnerable to disasters and therefore requiring regulation, experienced the most destruction. The NDRRMP has the specific goal to avoid disaster impacts by having land-use regulations that do not permit any settlement in any high risk zones. In the Philippines, a lot of the marginalised population live along the coastal

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45 As mentioned in a previous footnote, there are over 42,000 barangays in Philippines
46 Outcome 5 of [NDRRMC, Department of National Defence 2011]
47 Outcome 21 of [NDRRMC, Department of National Defence 2011]
48 Resource Mobilization section of [NDRRMC, Department of National Defence 2011]
49 [Social Weather Stations 2014]
50 [Rood 2014]
51 [Mangahas 2014]
areas and are squatters. These areas are prone to flooding, but this is public land and therefore an affordable option for those with little funds. It is not legal however, there is little enforcement to evict people from these areas. Due to the storm surge these are the areas (especially in Tacloban, Leyte) that experienced the most damage and loss of lives.

**Technology forecasted the path and severity of the typhoon in most areas.** Early warning systems are a key element in lessening the impact of a disaster on the people living in those areas. The GIZ paper “Assessment of Early Warning Efforts in Leyte for Typhoon Haiyan/Yolanda”\(^ {52}\) provides a thorough assessment of the technology that is used to predict the severity of weather events. The early detection systems did not include Leyte in the warning for flash floods, landslides and the storm surge. To lessen the risk to weather events, managing factors that impact climate change is a proactive goal of the Philippines government through the Climate Change Adaption Program (CCA) and may lessen risk to severe weather events in the long term.

### 6.3.2. Disaster preparedness

According to the NDRRMP, “preparedness includes linkages with early warnings systems, stockpiling of equipment and supplies and the development of arrangements for coordination, evacuation and public information”\(^ {53}\).

The communication of the typhoon warnings to the public was heard, but didn’t result in mass evacuations. The residents of the Philippines are used to typhoons. Experiencing an average of 24 typhoons a year has become a way of life for them. Evacuation warnings were given and for one week prior to the typhoon, the severity of the “storm surge” that would accompany the typhoon was explained. This was a new phenomenon to occur and unfortunately, the term “storm surge” was new to people. People were used to rising water so they could not understand the severity of this situation where water levels were expected to be higher than ever seen before. As much as it was explained, it could not be fully understood and the terminology did not invoke action even though the President was on TV on every channel the night before warning of the storm surge. In addition, a storm surge hadn’t been expected in the evacuation plans so some evacuation centres were flooded. In fact, in all the discussions\(^ {54}\) that occurred in Tacloban, only one person said that they went to an evacuation centre.

In Ormoc, on the western coast of Leyte, they were prepared for a flood, not for the high winds, and witness accounts indicate that the aftermath resembled a war zone. Roofs were gone and people searched for food. The power was out, no cell phones or communication lines worked and there were long lines for food, basics and gasoline (even though its price had doubled). People wanted gasoline so they could get supplies from less damaged areas.

The barangay government units are the key implementers of the disaster management plans. Each barangay has its own plan for preparedness and warnings. Given the individual plans, some barangays are better prepared than others. In areas such as Northern Panay Island, radio, TV and the barangays gave warnings of a typhoon. A lot of people did prepare and go to evacuation centres; however at all FGDs, participants who did not go to evacuation centres said that the winds of the storm were stronger than expected.

To improve the communication of disaster early warning systems, the new Free Mobile Disaster Act which was signed in late June of 2014, “directs cellphone operators to send out alerts about storms, tsunamis or other calamities whenever required by national disaster agencies. The messages should also include contact information for local governments and other agencies and...

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\(^{52}\) Neussner 2014

\(^{53}\) NDRRCMC, Department of National Defence 2011

\(^{54}\) In all interviews whether in regards to insurance operations or DRM, questions were asked about their experience with the typhoon.
possibly details such as evacuation or relief sites and pickup points for those fleeing their homes\textsuperscript{55}

\textbf{6.3.3. Disaster response}

According to the NDRRMP, disaster response is predominantly focused on immediate and short term needs such as provision of emergency services, ensuring public safety, saving lives, reducing negative health impacts and meeting the basic subsistence needs of those affected.

\textbf{Excessive damage to infrastructure slowed rescue and relief efforts.} After the typhoon, in Tacloban, a massive cleanup effort was required. Debris blocked roads, the streets were lined with the dead, power lines were down, phones lines and cell phone towers were out, and whole sections of the city were flattened with no drinking water and little food. To make matters worse, the airport was one of the worst hit areas hence it was impossible for relief workers and goods to get to the city. The strong winds had blown away a lot of the food stores that the city had set aside for the typhoon recovery so there was no food to give. The responders themselves had been impacted by the typhoon, so their first priority was the safety of their families. Little security was in the city to keep law and order, so despite a curfew, looters cleaned out stores of essential supplies; people trespassing on private property were killed; there was no police and no medical care to tend to wounds. According to interviews, it was five days before police were brought in from other areas and a week before relief reached the hardest hit areas of Tacloban. Search and rescue of the injured and dead was a priority and there wasn’t enough manpower from the city, so NGOs assisted. The hospital (or stores) had no medicine or oxygen and one hospital was located along the shore, so it was flooded. International organisations came with doctors and supplies a week after the storm.

\textbf{We went to a neighbour’s house and brought 2 sacks of rice. The neighbours sold bananas for a living so we all ate them. We boiled water from the well. It tasted salty. It was days before help came. Family brought food from outside Tacloban. Other help (government, international aid) came too late. Our assistance came from family and friends.}

\textbf{Tacloban resident}

\textbf{Reports from Tacloban are that the afternoon after the storm passed, the mayor drove his SUV from City Hall to the airport [the hardest hit area on the other side of the bay from City Hall], clearing the street of debris along the way.}

\textbf{The effectiveness of DRM plan implementation varied across barangays.} As mentioned, the barangays are the key for implementing the relief plans. Different barangays had different levels of preparation and relief provided. Some officials had only been elected and taken office at the end of November so they had little experience of what the disaster plans involved. To top it off, the computers along with paper disaster plan reports were destroyed due to flooding so the officials were starting from scratch to put relief operations in order.

\textbf{It took 7 days to penetrate Tacloban, but only 1 day to penetrate Iloilo as that area is more prepared with heavy equipment. Looting did not happen here. In June, they are still distributing water and inland barangays are receiving relief goods as the major centres were helped first.}

\textbf{MFI manager}

\textbf{Many challenges came about in the relief operations.}

\textbf{In some areas on Northern Panay Island, it took from 2 to 4 days for the barangays to reach the affected people with food and relief goods. Other places away from the main roads took 2 weeks to be reached. In an area where it took 3 to 4 days to clear the roads, a municipality’s mayor visited all 25 barangays in his area the day after the storm to bring food.}

\textbf{With the NGOs, international aid and government units bringing relief, there was some coordination, but reports are that more is needed. There was reliance on the barangay government’s assessments of the damage in the communities: which homes were totally damaged and which were partially damaged. For example, those whose homes were totally destroyed in one area received shelter kits, [i.e.] tents to put up in the yard (in June during our visit, some of those tents were still up and lived in), while partially damaged homes received blankets from an aid agency three months later. Some reports indicated that any home that was totally damaged, but where repairs had started before the assessment from the barangay government, didn’t receive assistance as the criteria was “totally damaged”. Some aid from NGOs and international organisation was prioritised based on the barangay government’s assessment of damage. Also, some received additional aid based on criteria such as the

\textsuperscript{55} (Associated Press 2014)
elderly, those with young children and lactating mothers.

According to NDRRMC, relief was grouped into 5 clusters for early recovery and rehabilitation: food and water distribution, peace and order, shelter and reconstruction, social services (health and education) and livelihood, and employment and commerce.

In Tacloban, to ensure all parts of the city received help each international organisation was assigned a barangay.

Relief assistance in the form of food and shelter packs was provided by DSWD. By 3rd April, a total of 6.83 million food packs had been distributed to the affected regions and 7,615 households received emergency shelter kits consisting of CGI sheets, an umbrella and crown nails, hammer and a handsaw.

Interviews in June indicated that more remote locations still hadn’t received assistance.

International organisations provided emergency health services throughout the region. In Tacloban, doctors and supplies arrived about one week after the typhoon; a much needed service as one hospital on the coast was not operational (and as of June 2014 was still closed), and according to interviews, other hospitals were depleted of medicine, oxygen and supplies. Forty eight out of the fifty five foreign medical teams that were registered with the World Health Organization (WHO) to respond to the disaster provided basic outpatient care while five had surgical capacity. Many comments were made about the shock people experienced in the aftermath of the typhoon, however, little was said about psychological recovery and the long term impacts of the event. In the aforementioned WHO publication, “The provision of mental health and psychosocial support services is still being reported by all sub-national health cluster hubs as an area that continues to need more resources and programming”. Psychosocial care is an element of the disaster response and the long term rehabilitation and recovery aspects of the NDRRMP.

Coastal areas were the priority for assistance. Some coordination did occur among the international aid organisations, but in a lot of cases, an NGO would decide who they wanted to help so some help was disproportionate. For example, a farm community watched international aid trucks go by and no one stopped to help them as they weren’t on a coastal area. This community had 100% total damage to their homes. They did receive food relief from agencies, but little assistance to rebuild their homes. In terms of building materials, they received a 1 kg bag of nails from the barangay government.

In January, we received 3 kgs of rice, 5 cans of sardines and 6 packages of dried noodles. We lived in a hard hit area and over half the house was damaged. We got a loan from the coop and a GSIS government housing loan to repair the house as no other help was available. Banks didn’t open until January so salary deposits had to go to Cebu. We are currently living in the home, but half of the building is damaged. Tacloban resident

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Transparency in the allocation and use of aid donations needs improvement.

Among barangays there seemed to be different levels of assistance provided. Billions of dollars of donations were sent for relief efforts and there are questions on how it is being spent and allocated. A Foreign Aid Transparency Hub (FAITH) was established online by the DOF. Total pledges (cash and non-cash) totalled over US$763 million. Stories are preva lent about politics being at the root of slow national and barangay level relief efforts. In an assessment report, the Commission of Audit (COA) states that “local and foreign cash donations have not been utilised by the NDRRMC” and were “intact in a depository bank.”

6.3.4. Disaster rehabilitation and recovery

According to the NDRRMP, disaster rehabilitation and recovery encompasses long term recovery and prevention. This involves restoring communities to their normal level of functioning by rebuilding livelihoods, rebuilding infrastructure and increasing community organisational capacities. Post disaster recovery also includes the reduction of disaster risk factors and “building back better”.

As of June 2014, rehabilitation efforts continue and estimates are that the recovery from Typhoon Haiyan will take years. Many relief programmes have been funded to date including:

- DSWD’s emergency cash assistance programme aiming to target 500,000 of the most vulnerable households that are part of the DSWD’s Pantawid Pamilyang Pilipino Program in the affected areas with an extra PHP 1,300 (USD 29.38) per family per month.

56 [DSWD 2014b]
57 Information is as of December 23, 2013. [WHO 2013]
58 [Santos Jr. 2014]
59 [DSWD 2013]
60 [Pantawid Pamilyang Pilipino Program 2014]
• Transfers of families to transitional shelters or bunkhouses. “As of April 2, 2014, a total of 3,187 families in Region VIII who were temporarily living in tents and makeshift houses in “no-build-zones” transferred to 245 completed bunkhouses in Leyte, Eastern Samar, and Western Samar”61

• “Families affected by disasters were supposed to receive PHP 10,000 (USD 226) cash assistance for each dead relative and PHP 5,000 (USD 113) for those injured subject to submission of required documents including medical or death certificates62 subject to National Disaster Coordinating Council (NDCC) Memorandum Order 13, signed in 1998. A sign regarding this was seen at the CDRRMC in Tacloban so we assume these were being paid.

• Employment programmes offered through DSWD or agencies such as the Public Employment Service Office (PESO)63 in Tacloban that provide cash for work programmes helping with disaster clean-up operations to those that have lost their livelihoods64.

After 8 months:

• Some fishermen haven’t restarted their livelihood as their boats are not repaired yet.

• People are repairing their homes slowly over time with little funds.

• Homes with flimsy structures are reappearing in the coastal areas.

• Food costs in some areas are reported to be higher, stretching the victims’ pocketbooks even more.

• More than 500 families are living in tent cities in Tacloban, and the rainy season (with typhoons) is approaching.

• For June 2014, the CDRRMC of Tacloban had planned for only 15 days of clean-up in the entire month as the cleanup in the city was nearly complete.

Residence along the coastal areas has been prohibited. Signs of “no build zones” have appeared in some coastal areas. People wonder out loud how long the enforcement will last as in other areas, homes are reappearing along the shorelines.

Different actors have initiated a variety of support for housing and municipal repairs. Every donor agency has its own process for carrying out its support initiative and some mayors are requiring NGOs to report to City Hall what initiatives they are undertaking in the area in an attempt to coordinate efforts.

Private companies and NGOs have been choosing schools to rebuild on their own initiative and an insurance broker and an insurance company forewent their Christmas parties in 2013 to provide relief work; one organisation assisted a community which had received little recovery help on a very small island. Efforts such as these by the private and non-profit sectors have been essential in the recovery process.

In terms of public utilities, in Tacloban there is no land line phone service and in June 2014, regular brown outs were scheduled on Saturdays to preserve power. The rebuilding process is continuing and will take time; probably years.

Eight months after the disaster, tent cities and bunk houses are still where people temporarily live. With the typhoon and rainy season approaching, these people are exposed to the elements and winds will blow the tents away. Evacuation plans are essential for them in their temporary locations. There have been promises of concrete structures, but those haven’t been seen yet. GIZ has coordinated a volunteer agency of engineers and architects to design resilient structures made out of local materials (bamboo) as they are more resilient. GIZ prepared rehabilitation plans and presented them to different donor agencies in efforts to help coordinate efforts and avoid duplication.

The development of permanent solutions is urgent.
lacking. The Red Cross is building 5,000 permanent structures as per the Tacloban CDRRMC; the prototypes are up. The mayor of Tacloban is soliciting help from business and civic groups to get assistance with land use planning and building enough houses in a new community so people can transfer up north. The people living in tent cities are willing to move, but those back in the coastal areas are hesitant. Their businesses and communities are based in the familiar areas and moving may cause a shock to their livelihood as they would have to rebuild. With so much destruction, now is the time to plan an effective rebuilding strategy and share knowledge amongst areas with similar watersheds to better use the land.

Planning and training for DRM is being improved. A priority for the municipal governments is to provide training for the barangays to develop and monitor the implementation of DRM plans. The Tacloban plans now include typhoon [wind and water] response and education. Before, people were afraid of earthquakes so the focus of disaster preparedness was on that type of event, now, typhoons are included.

CDRRMC Tacloban is training barangay officials and volunteers on search and rescue basics, contingency planning, establishing evacuation routes and centres. NGOs are providing the funds for the training and pushing implementation, along with CDRRMC, with follow-ups to ensure plans are being put into action.

Government social security agencies also provided disaster response initiatives. Government Service Insurance System (GSIS) loans for government workers was mentioned on numerous occasions during interviews as a source for help, specifically:

- Home Emergency Loan Program (HELP), a one-time special loan of up to PHP 200,000 (USD 4,520) to rebuild the homes of members who are either living or working in the 126 areas that were hardest hit by Yolanda
- A six-month loan moratorium for members and pensioners living or working in worst-hit areas
- An enhanced emergency loan with higher credit limit of PHP 40,000 (USD 904) for members with outstanding emergency loan balance
- For the first time, a pensioners’ emergency loan of PHP 20,000 (USD 452)

The Philippine Social Security System (SSS) offered loans in the official calamity areas and included:

- Salary loans for affected members [applications must be filed within 6 months]
- Advance pensions worth 3 months maximum for pensioners for retirement, disability or survivorship [applications must be filed within 6 months]
- House repair and improvement loans for affected members [annual interest lowered to 6%, applications must be filed within 1 year]
- Salary Loan Early Renewal Program (SLERP) for existing borrowers with sanctions after applying for the SSS Loan Penalty Condensation Program [application must be filed on or before 30th April 2014]

Other loan programmes are available such as PAG-IBIG Fund which “includes private-public partnerships with top developers in developing housing projects; interest-free home rehabilitation/reconstruction loans for the first six months of the loan then at subsised interest rates for the next 1.5 years; six-month grace period for new calamity loans; six-month moratorium on amortisation payments for existing housing loans as well as short term loans of affected members”.

6.4. Lessons learned

The in-country visit could only touch upon the surface of the people’s experience of Typhoon Haiyan’s relief and recovery efforts. Other organisations have conducted in-depth analysis and interviews on the DRRM process and they have findings similar to experiences documented for this study. The main lessons include:

- Early warnings system alerts should be conveyed in layman’s language.
- Better planning, implementation of plans and training are needed at the barangay level. Plans should be developed for people outside the area to provide assistance as relief and security/order personnel within the area may be affected by the disaster.
- Better coordination of international, national and local government relief and recovery efforts is needed.
- Permanent housing solutions are needed, including rebuilding in safer areas for the long-term.

65 (Government Service Insurance System 2013)
66 (Rappler 2013)
67 (Philippines Information Agency 2014)
• The private sector, NGOs and aid organisations have been essential to the recovery efforts.

• People are now taking precautions more seriously as they are going to evacuation centres when typhoon warnings occur.

Box 4 summarises NDRRMC’s lessons learned as adapted from the NDRRMC presentation at the Asia-Europe meeting (ASEM) Manila Conference on DRRM68.

Box 5 summarises recommendations set out in the GIZ report “Assessment of Early Warning Efforts in Leyte for Typhoon Haiyan/Yolanda”69.

Box 4
NDRRMC’s Key lessons learned from Typhoon Haiyan

Risk Reduction plans MUST be put into action through capacity building and strengthening local governance

Lessons learned in each of the four cornerstones of the Disaster Risk and Response Plan are:

Disaster prevention
• Pre-disaster risk assessments are needed with risk information, understanding and knowledge at the local levels
• Mainstreaming of DRRM in local plans, programmes and budgets
• End to End monitoring, forecasting and early warning systems
• Increase mangrove forest area – less damage occurred in these areas
• Increase science based scenarios into plans, policies and programmes to limit and reduce future risks (i.e.) no build zones for homes along coastal areas

Disaster preparedness
• Increase risk awareness, understanding and how to prepare for the risk events
• Build DRRM and CCA capacities in the councils, offices and operation centres
• Evaluate current evacuation plans – people did not listen to the warnings and did not respond to the phrase “storm surge”
• Improve local disaster preparedness and response polices, plans and systems
• Improve monitoring of planning efforts of LGUs who are the key implementers during a disaster

Disaster rehabilitation and recovery
• Update plans and citizen preparedness training for a Haiyan scenario.
• Create partnerships

Disaster response
• Needs of well-established, known and standardised set of systems, procedures and policies during the disaster response and relief operations
• Improve on an integrated and coordinated Search, Rescue and Retrieval system
• Clarify roles of all national, municipal and local government agencies
• One coordinating body needs to prioritise the transportation of goods and manpower
• Improve logistics in delivery of goods and restoration of emergency power, transport and communication services
• Criteria for bidding on government contracts needs to be relaxed during disaster recovery. (current process can take up to a month)
• Coordination of donors and NGOs during response is needed

68 (Pama 2014)
69 (Neussner 2014)
Box 5
Recommendations for improving early warning efforts

For scientific institutions

- PAGASA’s technical capacity should be improved to provide more accurate information for storm surge warnings and hazard maps
- NOAH sensors should switch to HF radio or satellite phones for uninterrupted transmission of data
- Storm surge hazard maps should be adjusted taking the recent experiences into consideration

For OCD and DOST

- Warnings should use layman’s language and clearly emphasise the seriousness of a particular hazard
- A colour coded harmonised multi-hazard early warning system should be introduced
- Storm surge should be included in the official warning system (similar to tsunami)

For disaster risk reduction offices/committees

- Officials tasked with disaster management (e.g. OCD, rescuers, mayors) should not stay in high risk areas when an extreme hazard event is imminent. They may become victims themselves
- Delineate identified danger zones (tsunami, storm surge) clearly with sign posts
- Mark evacuation routes and evacuation centres with sign posts
- Survey existing evacuation centres and identify those within danger zones
- Assign evacuation centres depending on hazard
- Reinforce evacuation centres depending on hazard
- Consider strict enforcement of forced evacuation

For land use planners

- Assign new evacuation centres outside danger zones and clearly indicate which evacuation centres are off-limit for which particular hazards
- Consider locally customised no-build zones in high risk areas
- Consider conditional build zones (e.g. only buildings with special reinforcements; only business, but no residence, etc.)
7. Towards integrating microinsurance in the DRM framework

7.1. Opportunities

Typhoon Haiyan has shown that microinsurance can be an element of both, the disaster prevention and mitigation element and the disaster rehabilitation and recovery response section of the DRM framework. The experience with the typhoon has revealed opportunities for microinsurance providers in terms of coverage and products. Such opportunities include:

- Greater demand for calamity insurance
- Greater demand for livelihood protection insurance
- Damage to crops may create a greater demand for crop insurance
- Those without loans require calamity insurance coverage as currently a large portion of calamity insurance is attached to loans.
- The demand for assistance loans to recover from Typhoon Haiyan can be used to protect victims in the event of another calamity if insurance is included as a part of these loans.
- With greater awareness of insurance, now is the time to develop products offering value to the clients
- Gaps discovered through the claims payment experience offer lessons for improving reach and distribution

7.2. Recommendations

Formal inclusion of microinsurance in the NDRRMP as a disaster mitigation, rehabilitation and recovery mechanism will assist with meeting some of the plan’s objectives and open the doors for government partnerships that can assist in the development of insurance initiatives.

Including microinsurance in DRM preparation and training plans for the public will encourage individuals to have their own mitigation and rehabilitation and recovery mechanisms in place. The NDRRMP is working in conjunction with the Hyogo Framework for Action70 where one of the key indicators is to “use knowledge, innovation and education to build a culture of safety and resilience at all levels”, particularly through school curricula, education materials and countrywide public awareness with outreach to rural and urban communities. We recommend the inclusion of microinsurance in such activities.

In response to Typhoon Haiyan, some key gaps or issues were revealed that, if addressed, would provide better customer service and insurance coverage in the future. Recommendations for the industry are:

- Expand calamity insurance offers to increase the number of people covered.
- Explore development of livelihood insurance products as demand for this was expressed in some interviews.
- Create more initiatives that assist with rebuilding homes.
- Follow the DOF example and create partnerships where insurance is part of more assistance loans so the population is protected in the event of another calamity.
- Go beyond the credit life paradigm and develop insurance that is not tied to a loan to access those without loans.

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70 A 10 year plan to make the world safer from natural hazards. (UNISDR 2005) and Annex B (NDRRMC, Department of National Defence 2011)
• Explore industry and regulatory initiatives for catastrophe insurance to ensure companies can support their risks.

• Ensure client understanding of exclusions. The different accident and calamity definitions could cause confusion within the industry and present a potential consumer protection issue. Definitions may have to be reviewed in the post-Haiyan era.

• Spread the calamity risk over multiple geographical areas to limit the exposure to large losses.

• Find effective means to reach out to the rural communities and marginalised in the cities.

• Prepare clients for the claims process before the event, concurrent with disaster warnings, through text messaging.
8. Conclusion

The task put forth in this paper is to study the “effectiveness of microinsurance service providers in the aftermath of Typhoon Haiyan”. What has been discovered is that the response to the typhoon goes beyond quick claims settlements. As microinsurance intermediaries typically have a stronger relationship with their clients and are closer in proximity to them (as they are usually situated in the communities) compared to traditional insurers, they are compelled to help clients through the disaster. Being in the community and with strong networks outside the devastated areas, the microinsurance service providers were able to have relatively quick access to the affected areas and bring in relief goods and provide some stability in the chaos.

In terms of submitting and settling claims, this is a long term task. We know PHP 532 million (USD 12 million) microinsurance claims have been paid to clients and the payments have definitely helped with rebuilding after the crisis. As this is written on 8th October 2014, exactly 11 months after the typhoon struck, with some companies there is a backlog of claims still to be settled. Some organisations are well prepared to face a disaster such as this. Others require additional support in the form of institutional strengthening, capacity building and planning on the parts of the intermediary and insurance company in order to handle such a large influx of claims. Access to reinsurance has to improve so calamity insurance can be offered to the marginalised population. The regulator can provide support by ensuring that organisations are strong enough to provide disaster coverage.

The Philippines insurance industry responded admirably to the devastation and with the gaps revealed through the experience, the industry can only become stronger and provide coverage to more of the marginalised population in order to help with the recovery in future natural disasters.
9. Bibliography


