

## **Southeast Asia Disaster Risk Insurance Facility (SEADRIF) Establishment of SEADRIF Insurance Company**

*Terms of Reference for Directors of SEADRIF Insurance Company*

### **Background**

Natural disasters affecting the livelihoods of large populations and critical operations of the economies are a major challenge in Southeast Asia and often leave governments with a critical need for short-term liquidity to finance response and recovery. In order to strengthen financial resilience against climate and disaster shocks, Cambodia, Indonesia, Lao PDR, and Myanmar with the support of Japan and Singapore are jointly working toward the establishment of the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) as a regional facility for ASEAN member states, providing its members with financial protection.

SEADRIF is to be composed of:

- SEADRIF Trust: a legal arrangement for SEADRIF open to all ASEAN+3 countries;
- SEADRIF Sub-Trust: an arrangement for sub-group of the SEADRIF member countries and donor partners within and beyond ASEAN+3 to develop and govern specific initiatives. Initially, Sub-Trust A is established to develop and own the proposed catastrophe risk pool for Lao PDR and Myanmar with support from Japan, Singapore, and potentially other donor partners. Sub-Trust A is governed by the Committee of Sub-Trust A (the Committee), composed of the beneficiary countries and donor partners. The CoM delegates to the Committee of its authorities and powers of governing Sub-Trust A and its assets including the SEADRIF Insurance Company; and
- SEADRIF Insurance Company (the Company): a general insurance company registered in Singapore and housed under SEADRIF Sub-Trust A to provide insurance and financial services, including the proposed catastrophe risk pool as the first product.

Intertrust, a licensed trust management company under Singapore jurisdictions has been selected as the Trustee of SEADRIF Trust. The Trustee will be the legal owner of the Trust assets. The Trustee will carry out activities to establish and become a legal owner of the Company.

The proposed regional catastrophe risk pool for Lao PDR and Myanmar will act as a reinsurance-backed disaster liquidity facility, providing participating countries with immediate financing for response in the aftermath of a natural disaster. The countries join the pool through a payment of contribution or premium and receive quick payouts upon eligible disaster events. These payouts and their triggers are predetermined according to clear and transparent prior-agreed rules. The pool will retain some risk based on its joint reserves made of country premium contributions and donor contributions. It will transfer excess risk to international reinsurance markets in order to ensure that all claims can be paid in full. A proposed product structure and

preliminary analysis including financial projections have been discussed by the participating countries with the World Bank as the SEADRIF Lead Technical Partner.

While the cat risk pool for Lao PDR and Myanmar will be the first product of the Company, it is expected that more ASEAN countries will join the SEADRIF, therefore the Company will potentially offer more products in the future. The Company will also apply for some exemptions under the Insurance Act and tax exemption status with the regulators and authorities in Singapore.

Most of the functions of the Company will be outsourced including the roles of the Chief Executive, insurance manager, and investment manager. It is expected that the insurance manager hired by the SEADRIF Trustee through open and competitive process will provide a residential director cum Chief Executive.

### **Proposed Assignment**

As Lao PDR, Myanmar, and Japan aim to establish and launch the Company in Q3 2019, Intertrust, as authorized by the countries, is seeking to appoint two non-executive directors of the Board of Directors. It is envisaged that the Board will comprise at least three directors, of which one executive and residential director will be provided by the selected insurance manager.

The directors will be responsible for ensuring that the Company complies with applicable laws and regulations and is effectively, soundly and prudently managed to achieve the purposes and objectives of the Company.

### **Scope of Work**

The directors will be responsible for the followings:

1. The Company's Rules:
  - a. Determine the Rules of the Company including the conflict of interest management and internal protocol for proper governance, in accordance with guidance from the Trustee at the instruction of the Committee of Sub-Trust A. See Annex 1 a proposed organization chart, composition, roles and authorities of the committee;
  - b. Oversee the implementation of and compliance with the Rules of the Company.
2. Strategic Planning
  - a. Instruct the insurance manager to prepare a Strategic Plan for the Company, which is to be updated annually and annual Business Plan to implement the Strategic Plan. The Board is to review and submit the Plans to the Trustee for approval at the instruction of the Committee on an annual basis.
    - The Strategic Plan to include but not limited to the followings:
      - i. Vision and mission statements;
      - ii. Strategic goals, targets & performance indicators;
      - iii. Business and product strategy;
      - iv. Financial and capital management strategy;
    - The annual Business Plan to include but not limited to the followings:
      - i. Marketing and underwriting plan;
      - ii. Risk management plan;
      - iii. Reinsurance plan;
      - iv. Financial plan including:
        - Allocations for operations and administration;

- Reinsurance;
  - Other expenditures;
  - Revenues and incomes;
- b. Direct the resources of the Company to implement the Strategic Plan as updated annually and Annual Business Plan to achieve the Company's vision and mission, including setting business development goals and providing guidance to the insurance manager and oversight in implementation of the Plans.

### 3. Standard Operation Procedures (SOP)

- a. Instruct the insurance manager to prepare and annually update the SOP of the Company, which the Board is to review and submit to the Trustee for approval at the instruction of the Committee. The SOP to include but not limited to the followings:
- i. Roles & responsibilities matrix;
  - ii. Power of authority, authorization;
  - iii. Operations of the Board;
  - iv. Underwriting of risk;
  - v. Reinsurance procurement;
  - vi. Claims management;
  - vii. Investment management;
  - viii. Accounting and financial reporting;
- b. Monitor implementation of and compliance with the SOP.
- c. Direct the resources of the Company to follow the SOP, including:
- i. Annual determination of any variation to be made in premium ratings in accordance with the Company's rules, and ensure that the provision of insurance is conducted under clear commercial and sound technical principles, and that strategies are implemented to prevent the depletion of the risk capital of the Company;
  - ii. Implementation of annual risk management and reinsurance plans;
  - iii. Adherence to all operational and other policies, including investment allocation guidelines and procedures in respect of reserves and surplus;
  - iv. Establishment and safeguarding of reserves; ensuring that the initial paid in capital is well maintained and reported in the financial accounts;
  - v. Financial arrangements entered into with donors and other partner institutions;
  - vi. Annual audited financial statements, which are to be submitted to the Monetary Authority of Singapore pursuant to its regulatory requirements;

### 4. Communications and Outreach

- a. Provide direction to the insurance manager in the development of communications and outreach strategies for the Board's review and submission to the Trustee for approval at the instruction of the Committee;
- b. Provide guidance to the insurance manager and oversight during implementation of the communications and outreach strategies;
- c. Undertake internal and external communications and outreach activities at the Board level as required and under the guidance of the Trustee at the instruction of the Committee;

### 5. Staff, advisors and third party service providers

- a. Employ staff, external contractors, advisors and third party service providers, including, but not limited to, a Chief Executive, an insurance manager, legal and tax advisors, custodians, investment advisors and managers, to assist with implementation of the Companies' strategies and plans;
  - b. Establish the annual objectives and performance measurements for the service providers, and monitor performance against objectives;
6. Meetings
- a. Organize and participate in at least two Board meetings a year, and attend other meetings as required in person, by teleconference, videoconference, or by other means of communications.
7. Annual Report
- a. Instruct the insurance manager to produce the Annual Report, which is to be distributed widely;
8. Stakeholders relationship
- a. Maintain good working relationship with SEADRIF Partners including the SEADRIF Lead Technical Partner.
9. Compliance
- a. Fulfil the requirements set out in the Insurance (Corporate Governance) Regulations 2013.

## **Qualifications**

- University degree in accounting/commerce/business/actuarial science/economics or finance;
- 15 years + experience of insurance management and markets preferably in the ASEAN region;
- Knowledge of the macroeconomic context and international affairs in the ASEAN region;
- Experience working with the Ministry of Finance, International Financial Institutions and international organizations is a plus;
- Demonstrable experience of public financial management and policy advice is a plus;
- Demonstrable experience in working with high level officials of governments in the ASEAN region is a plus;
- Experience with insurance providers and regulators;
- Excellent writing and oral English skills;
- Good network of contacts with insurance providers and regulators in Singapore or across the ASEAN region.
- Satisfying the Monetary Authority of Singapore Guidelines No: FSG-G01 Fit and Proper Criteria.

**Deadline: May 30, 2019**

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## Annex 1. Proposed Organization Chart of SEADRIF Insurance Company

