

Japan and California

In 1966, the Japanese government established a public-private earthquake insurance program for homeowners. The scheme relied on the Japan Earthquake Reinsurance Company, an earthquake reinsurance pool backed by the government. In the United States the government has been providing federally-administered residential flood insurance through the National Flood Insurance Program, set up in 1968 in response to a long history of flood loss and increasing challenges in finding private sector firms willing to insure flood risk. Similarly, the California state government established the California Earthquake Authority as a public-private organization to provide earthquake insurance when California's insurance companies stopped writing earthquake coverage following the 1994 Northridge earthquake, the costliest earthquake in the history of the United States (OECD, 2013). In France, the Catastrophes Naturelles insurance system was established in 1982 to mitigate the effect of disasters on the local or national economy through insurance and by providing incentives for risk reduction and avoidance measures (Government of Mexico and World Bank, 2012).