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## Calls for national insurance fund

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The national insurance regulator yesterday called for the establishment of a disaster insurance fund to better deal with catastrophes and improve the efficiency of relief work.

"It is imperative we set up such a fund and we are quickening efforts in this respect," Wu Dingfu, chairman of the China Insurance Regulatory Commission (CIRC), said.

The move comes after severe ice and snowstorms hit southern and central regions in the past month, causing widespread devastation.

As of Tuesday, insurers had paid out more than 1.04 billion yuan (\$145 million) on 851,000 cases of snow-related claims, the CIRC said.

Of the total, 900 million yuan went on property claims and more than 57 million yuan was paid on health and life policies.

The industry as a whole is expected to pay out more than 8 billion yuan as a result of the country's worst snowfall for close to half a century.

Jiang Caishi, general manager of the business development department of the PICC (Group), the country's largest non-life insurer, said: "The government could be a supervisor of the fund, allowing insurance companies to manage risks."

Excluding the losses of industrial and mining firms, the direct economic losses from the heavy snow is estimated at 111 billion yuan, the CIRC said.

"Given the 1.04 billion yuan compensation paid out, insurance companies covered only 1 percent of the total direct economic losses," Wu said.

Insurers paid out more than 40 million yuan in agriculture-related claims, with 200 million yuan related to damaged crops and covering 445 hectares of farmland.

But when compared with 11.87 million hectares of farmland affected by the weather, the agricultural insurance rates and total compensation paid out are obviously on the low side, Wu said.

(Xinhua News Agency February 16, 2008)

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