

After Ebola, World Bank creates pandemic insurance plan

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The World Bank announced Saturday a new program to mobilize funds quickly against virulent disease outbreaks after the world was caught unprepared in the 2014 Ebola disaster in West Africa.

World Bank President Jim Yong Kim said the new Pandemic Emergency Financing Facility (PEF) will accelerate global and national responses to disease outbreaks that threaten large populations and fragile economies.

He said the PEF, a combination of catastrophe insurance and bonds, is a direct reaction to the sluggish donor response to the outbreak of Ebola, which eventually killed close to 11,000 in West Africa and shut down economic activity for months.

"Pandemics pose a serious threat to global health and economic security," said Kim.

"The recent Ebola crisis in West Africa was a tragedy that we were simply not prepared for. It was a wake-up call to the entire world."

"There is no effective international system ready to respond quickly to a pandemic."

Kim, a medical doctor and expert on health and disease in developing countries, put the World Bank in the lead of the response to Ebola at the time.

But he acknowledged that it took months to bring together the hundreds of millions of dollars needed to pay for deploying health personnel, supplies, and other relief to Sierra Leone, Guinea and Liberia.

In the meantime, he said, the death toll rose ten-fold.

Kim announced the creation of the PEF at the gathering of G7 finance ministers in Sendai, Japan.

He said the group of global powers had pressed the World Bank last year to develop a quicker way for the world to respond to pandemics.

Kim said Japan was the first to commit support for the PEF, with a \$50 million contribution.

The insurance will cover outbreaks of several classes of infectious diseases most at risk for epidemics: new orthomyxoviruses including influenza pandemic viruses A, B and C; coronaviruses like SARS and MERS; filoviruses like Ebola and Marburg; and other zoonotic diseases—those that move between animals and humans—including Crimean Congo, Rift Valley and Lassa fever.

That list does not include Zika, the deadly mosquito-borne virus spreading through the Americas. But Kim said the bank is also putting together a separate emergency "cash window" to address that and other outbreaks not covered.

Under the program the 77 least developed countries will be covered by the insurance.

Unlike common insurance that repays losses after a disaster, the PEF insurance is designed to release funds as soon as a disease outbreak reaches a certain level as defined by specific criteria.

Kim said the World Bank has worked with insurers on the product, which will total \$500 million at first, and is confident the global financial markets will accept it.

"If we had had the PEF up and running in mid-2014, the Ebola outbreak would have looked very different," he said.

"The countries and the world, and the insurance industry, have the same incentives to prevent the spread of pandemics."

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