

Innovative Insurance Solutions for Climate Change:

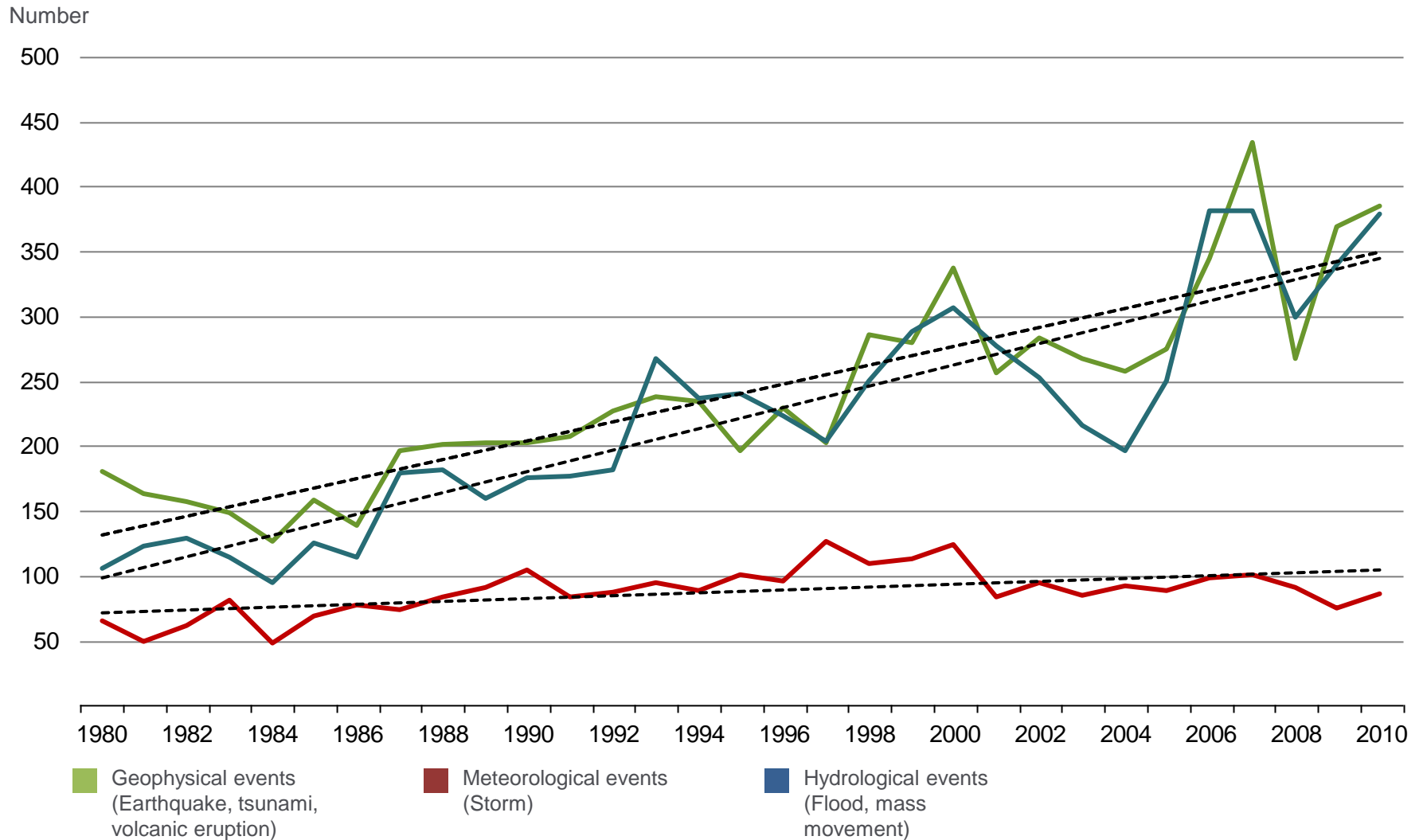
**How to integrate climate risk
insurance into a
comprehensive climate risk
management approach**



NatCatSERVICE

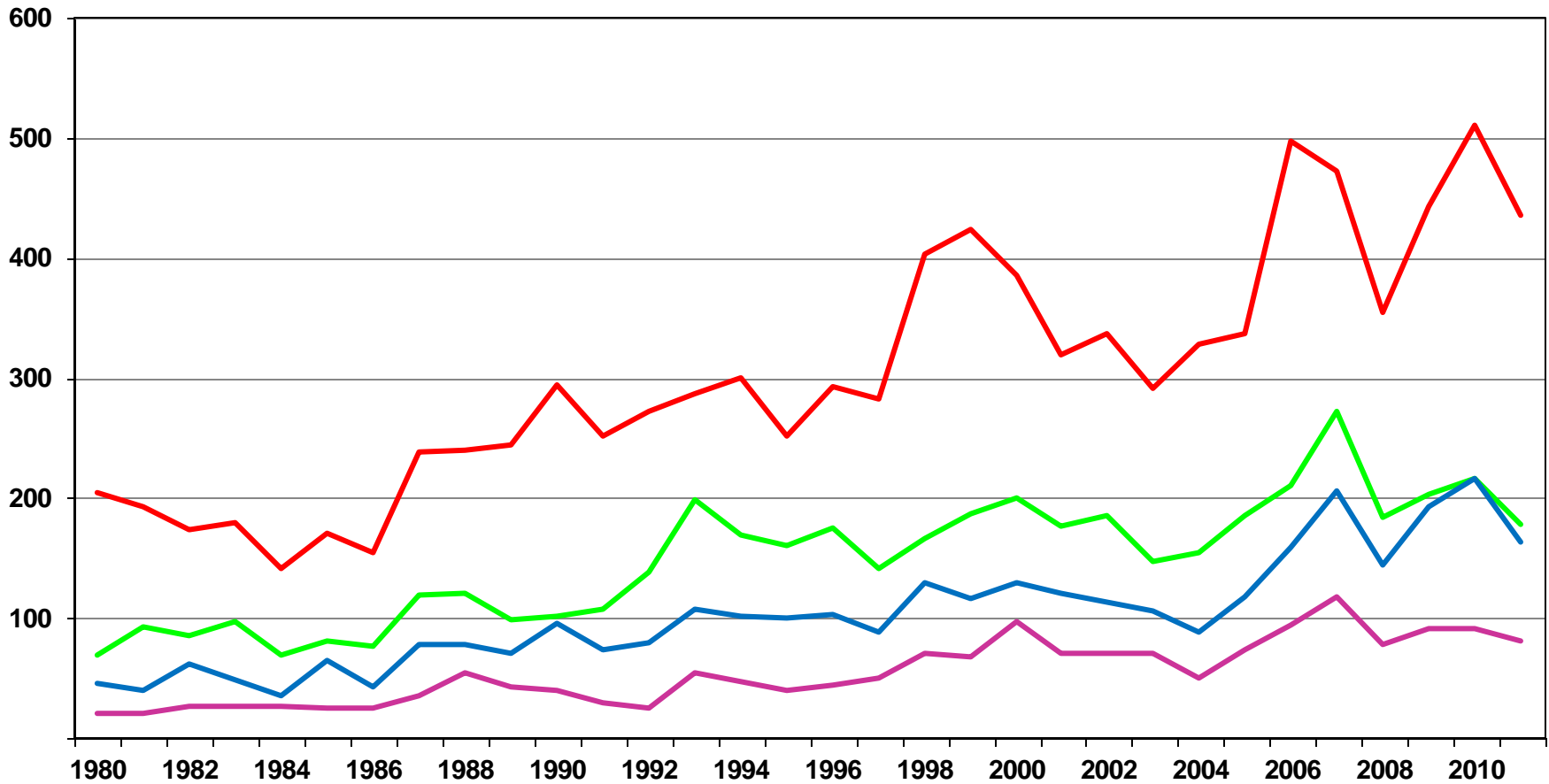
Natural catastrophes worldwide, 1980 – 2010

Number of events by peril with trend



NatCatSERVICE

Global weather related loss events 1980 – 2011 Number of events in different income groups



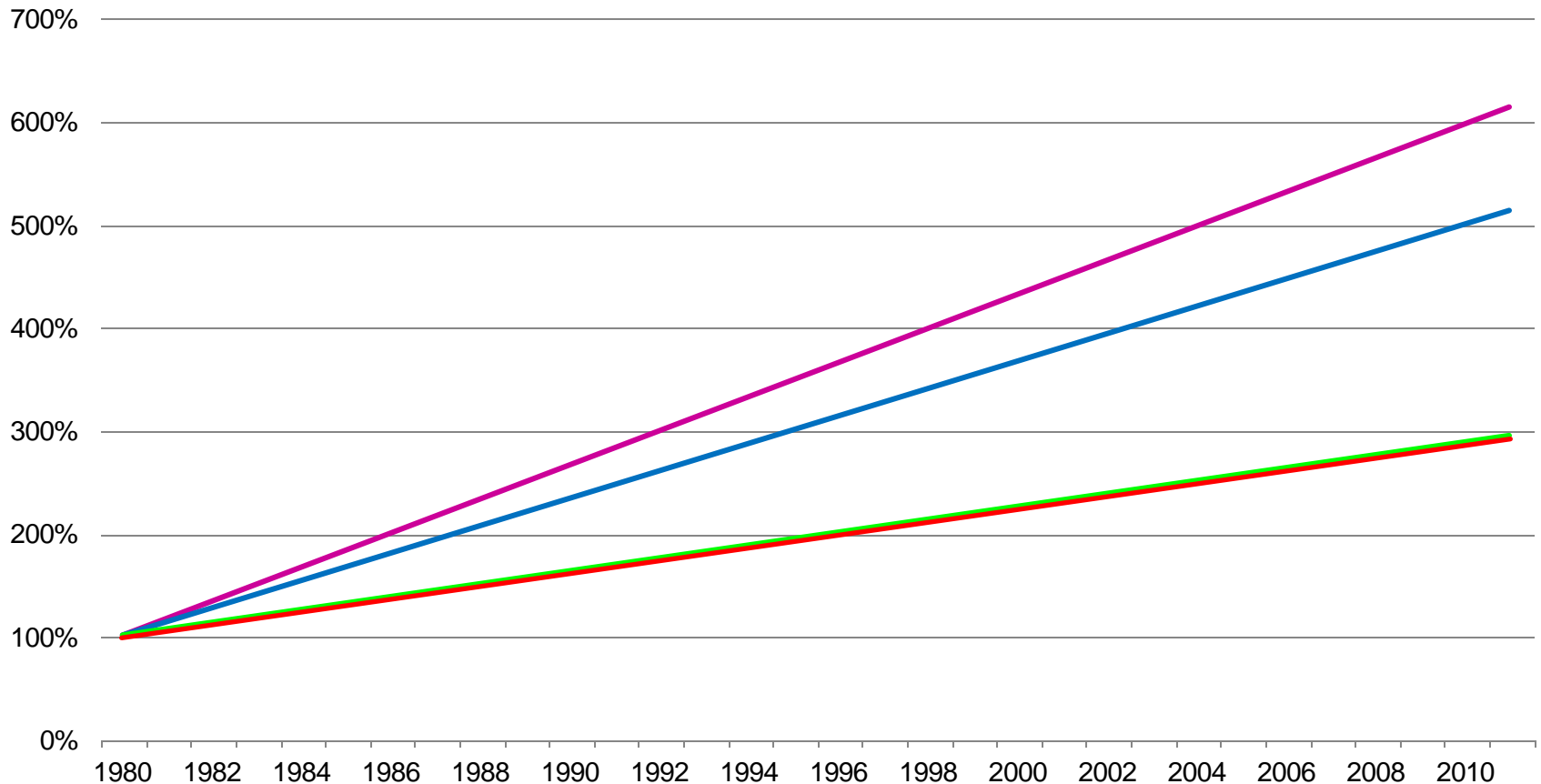
Income Groups 2012 (defined by World Bank, Dezember 2011):



NatCatSERVICE

Global weather related loss events 1980 – 2011

Relative trends of number of events for different income groups

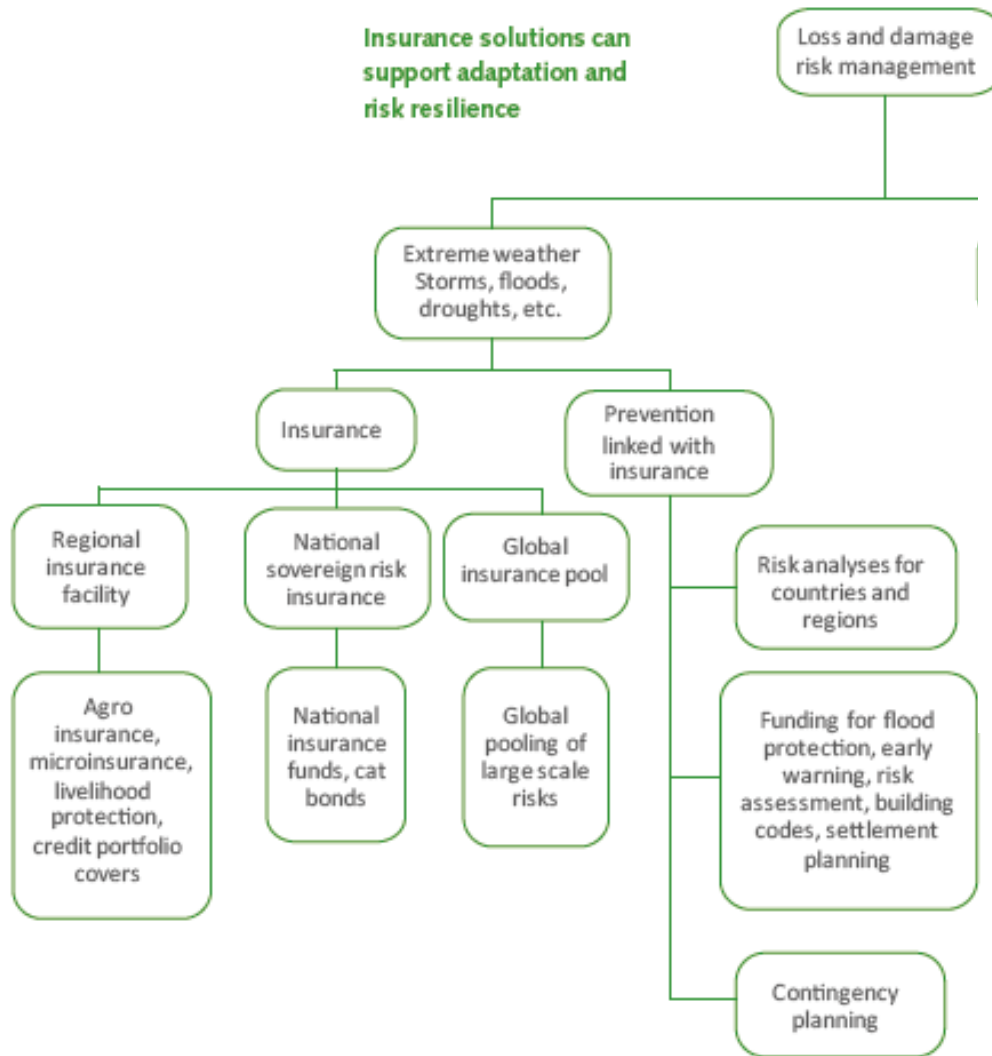


Income Groups 2012 (defined by World Bank, Dezember 2011):



Climate Change: Which risks are insurable?

Insurance solutions can support adaptation and risk resilience



The case for insurance in managing climate risks

- ❖ Risk transfer instruments such as insurance are commonly used to manage risks that would be too large for countries, companies, or individuals to cover on their own.
- ❖ Insurance can serve as an volatility smoothing measure, but it should be designed and implemented as part of an integrated climate risk management strategy involving a balanced mix of approaches.
- ❖ Layered approach to risk management separates risks into different segments according to their potential frequency and severity considering the different actors in financing the losses.

Enabling environment for applying insurance as a tool to address climate risk

1. Appropriate regulatory environment and oversight (e.g., Insurance Core Principles).
2. Public champions and complimentary role of key actors (e.g., public-private partnership and risk pooling in the Caribbean).
3. Availability of data and hazard mapping (e.g., RIICE project and innovative use of remote sensing technology).
4. Establishment of cost-effective distribution channels (e.g., LPP in the Caribbean and the use of credit union and cooperative banks).
5. Appropriate back-up mechanisms (including reinsurance).
6. Risk management education (e.g., insurance literacy in Peru).



UNITED NATIONS
UNIVERSITY

UNU-EHS

Institute for Environment
and Human Security

Thank you for your attention!



UNITED NATIONS UNIVERSITY

Institute for Environment and Human Security (UNU-EHS)

www.ehs.unu.edu and www.climate-insurance.org

Background Readings

Warner, K.; Yuzva, K.; Zissener, M.; Gille, S.; Voss, J.; Wanczek, S. (2013). Innovative Insurance Solutions for Climate Change: How to integrate climate risk insurance into a comprehensive climate risk management approach. Report No. 12. A joint report by MCII and GIZ. Bonn: United Nations University Institute for Environment and Human Security (UNU-EHS).

Koko Warner; Sönke Kreft; Michael Zissener; Peter Höppe; Christoph Bals; Thomas Loster; Joanne Linnerooth-Bayer; Silvio Tschudi; Eugene Gurenko; Armin Haas; Simon Young; Paul Kovacs; Andrew Dlugolecki; Aaron Oxley (2012). Insurance solutions in the context of climate change-related loss and damage. Policy Brief No. 6. UNU-EHS, Bonn. November 2012. <http://www.ehs.unu.edu/article/read/policy-brief>

ABOUT THE PROJECT

- The Munich Climate Insurance Initiative (MCII) and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) are collaborating on behalf of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) through its International Climate Initiative (ICI) on a project to better assist policy makers and climate negotiators in finding ways to implement climate risk insurance solutions in an integrated climate risk management approach. For more information see: <http://www.climateinsurance.org> and <http://www.giz.de/en/>.



Supported by:



based on a decision of the Parliament of the Federal Republic of Germany