

# Recommendations to the Convention: How to feature insurance in a decision on Loss & Damage at COP-18

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Koko Warner (MCII & UNU-EHS)

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# Recap: The Role of Insurance in the Context of Loss & Damage



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1. Foster adaptation in a meaningful mix of approaches to manage risks
2. Assess loss and damage potential
3. Incentivise loss reduction and resilience building
4. Reduce financial repercussions of volatility & create more space for certainty in decision making
5. Provide timely finance to cover loss and damage

# Possible roles of the Convention in facilitating insurance to address loss and damage



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Objective	Function
<p><b>Provide loss and damage potential assessments</b> that support decision-making and facilitate management of weather-related risks.</p>	<p><b>Guide and enable assessments of loss and damage potential</b> for extreme weather events.</p>
<p><b>Incentivize loss reduction and embed risk transfer</b> into wider resilience building efforts.</p>	<p><b>Ensure policy coherence and appropriate use of risk transfer tools</b> in a wider context of climate risk management.</p>
<p><b>Provide timely finance to cover loss and damage</b> in order to <b>reduce the financial repercussions of volatility</b> related to extreme weather events.</p>	<p><b>Operationalize climate risk insurance</b> including finance mechanisms and other means for implementation.</p>

## Climate Risk Insurance Facility

- ❖ **Set-up:** Coordinated internationally but operationalised regionally
- ❖ **Objectives:**
  1. Provide loss & damage assessments to support decision making and facilitate weather risk management;
  2. Incentivise loss reduction: Embed risk transfer into wider resilience building efforts.
  3. Provide timely finance to cover loss & damage to reduce repercussions of volatility related to weather extremes;

# Function 1: Guide and enable assessments of loss and damage for extreme weather events



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- Provide guidance on assessment methods and data collection standards
- Support development of standardized hazard maps
- Coordinate data repositories and encourage coherence across information frameworks
- Systematic capacity building and technical assistance

## Function 2: Ensure policy coherence appropriate use of risk transfer tools in wider context



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- Provide guidance on purposeful, planned approaches to loss and damage
- Provide guidance on technical measures and design elements of risk transfer to incentivize loss reduction and resilience building activities
- Foster better understanding of the value added and scalability of a package of tools
- Facilitate regional and international dialogue to advance policy coherence and regulations on insurance-related measures

## Function 3: Operationalize climate risk insurance including means of implementation



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- Set up an international or regional network of risk management and transfer platforms
- Support an evaluation of different roles of finance to support approaches under the Convention
- Channel commitment of the donor community in providing expertise, capacity building and financial support to innovative mechanisms for addressing financial aspects of L&D
- Plan and implement packages of tools to reduce risk and enhance resilience in regional cooperation

# Thank you!



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**For more information, visit us at:**

**[info@climate-insurance.org](mailto:info@climate-insurance.org)**

**[www.climate-insurance.org](http://www.climate-insurance.org)**

Dr. Koko Warner, MCII Executive Director  
c/o United Nations University Institute of Environment and Human Security (UNU-EHS)  
UN Campus, Hermann-Ehlerstr. 10  
53113 Bonn, Germany  
Tel: +49 228 815 0226, Fax: +49 228 815 0299