

Rationale

Climate change and rising weather-related disasters. In recent years, there have been more and more indications that climatic change is influencing the frequency and intensity of natural catastrophes. According to the World Meteorological Organization (WMO), the last six years (2001 to 2006) were among the seven warmest recorded worldwide since 1861. The current IPCC report documents that it is likely already that global warming has contributed to the increases of weather related disasters. Due to anthropogenic global warming, sea surface temperatures have already increased in all major ocean basins by 0.5°C.

The year 2005 set a record for hurricanes in the North Atlantic: never before since records have been kept (1850) have so many named tropical storms (27 compared with the previous record of 21) and hurricanes (15 as against the previous 12) developed in one season. The strongest, Wilma, fourth strongest, Rita, and sixth strongest, Katrina, were recorded in just one season. If global scientific climate models are accurate, the present problems will be magnified in the near future. These models suggest that we should expect

- an increase in the frequency and severity of heat waves, droughts, bush fires, tropical and extra-tropical cyclones, tornados, hailstorms, floods and storm surges in many parts of the world;
- new exposures (such as hurricanes in the South or Northeast Atlantic);
- more extensive damage and economic, social and environmental consequences as a result of weather-related disasters.
- Changes in many atmospheric processes will profoundly impact the lives, health, and property of millions of people. Of special concern is the fact that the impact of climate change will be most acutely felt among the world's poorest people. To date, these vulnerable groups have also had the least access to affordable insurance.

The decisive question: What strategies will help us adapt to climate change?

The key issue today is not when we will have ultimate proof of anthropogenic climate change – a small element of uncertainty will remain for some time – but what strategies we should follow to mitigate and adapt to climate change. Insurance-related mechanisms can be an effective part of adaptation strategies. They can counteract the negative effects of global warming and reduce the financial risks of the increasing number of natural catastrophes.

As the frequency and scope of major weather related natural catastrophe losses continue to increase, there is a growing need to explore other avenues for managing and transferring the risks associated with climate change. Market insurance and risk transfer solutions – climate insurance – can play their part in enabling disaster-prone countries to successfully manage the new climate risks looming on the horizon.

COP 13 – Side event on climate risk insurance

This working session on climate risk insurance identifies necessary actions to move insurance-related mechanisms solidly forward in the post-2012 climate negotiations. The session offers cohesive information on opportunities, challenges, and considerations for climate-related insurance tools, within paragraph 4.8 of Framework Convention and Article 3.14 of Kyoto Protocol. This session explores ways to implement insurance-related strategies for climate adaptation, targeting specific projects and stakeholders in the process.

The session examines multi-year index-based weather coverage in Africa and in Asia, and the roles of different actors in implementing the schemes. Presentations and discussion papers will provide a point of departure for concrete discussions on:

1. Experiences using insurance-related mechanisms to manage climate change impacts
2. Challenges and opportunities for using insurance-related mechanisms, barriers that need to be addressed if insurance options are to become more viable
3. Concrete next steps to further explore and implement climate-related insurance mechanisms

COP 13 – Side event on climate risk insurance

Introduction & moderation	Koko Warner MCII Coordinator, UNU-EHS	
	Peter Hoeppe, Munich Re	Scientific and economic rationale for insurance-related tools concerning damages in association with climate change
	Christoph Bals, GermanWatch	Insuring the uninsurable: design options for a climate change funding mechanism
Expert Presentations	Pablo Suarez, Red Cross Netherlands Climate Centre	Beyond risk transfer: micro-insurance to enable adaptation among the most vulnerable
	Reinhard Mechler, IIASA	A favorable climate for insurance: Weather-related cover and vulnerability reduction
	Roberto Acosta, UNFCCC	Nairobi Work Programme and Insurance: Putting risk transfer on the Post-2012 Agenda
Audience discussion	Moderated by Koko Warner	Discuss specific challenges and concrete next steps for insurance-related mechanisms for climate risks

Information about the Munich Climate Insurance Initiative (MCII)

www.climate-insurance.org

Mission statement

The Munich Climate Insurance Initiative (MCII) was launched by Munich Re in April 2005 in response to the growing realisation that insurance-related solutions can support the adaptation to climate change advocated in the Framework Convention and Kyoto Protocol. This initiative brings together insurers, experts on climate change and adaptation, NGOs and researchers to find solutions to the risks posed by climate change. MCII provides a forum and gathering point for insurance-related expertise on climate-change impact issues. MCII strives to fulfil four objectives:

1. To facilitate insurance-related solutions to help deal with the impact of climate change especially in developing countries using the combined resources and expertise of the public and private sectors;
2. To conduct and support pilot projects for the application of insurance-related solutions in partnerships and through existing organisations and programmes. To identify success stories and disseminate information on the factors necessary to design and implement effective climate insurance-related mechanisms. These activities will focus on developing countries but will at the same time involve the evaluation of insurance solutions that have been used in developed countries;
3. To promote insurance-related approaches in cooperation with other organisations and initiatives and within existing frameworks such as the United Nations, international financial institutions, international donors and the private sector;
4. To identify and promote loss-reduction measures for tackling climate-related events.

Contact

For more information about the MCII, or the COP 13 side event, contact warner@ehs.unu.edu or visit our website at www.climate-insurance.org.

MCII was founded by representatives of GermanWatch, IIASA, Munich Re, the Munich Re Foundation, the Potsdam Institute for Climate Impact Research (PIK), TERI, the Tyndall Centre, the United Nations University Institute for Environment and Human Security (UNU-EHS), the World Bank, and independent experts. The group is open to new members, such as representatives of other insurance or reinsurance companies, climate change and adaptation experts, NGOs and policy researchers seeking solutions to the risks posed by climate change

Munich Climate Insurance Initiative

Climate Risk Insurance
Monday, 10 December 2007, 18:00 - 19:30
Wave Room, Grand Hyatt Hotel
Bali, Indonesia



hosted by the
United Nations University Institute for Environment and Human Security (UNU-EHS)