

Munich Climate Insurance Initiative supports the Nairobi Work Programme

Statement to SBSTA at COP 13, Christoph Bals, Germanwatch, on behalf of MCII

4 December 2007

Introduction

My name is Christoph Bals from Germanwatch, but I'm speaking today on behalf of the Munich Climate Insurance Initiative. Thank you for this opportunity to use again the Nairobi Work Program as a platform for involvement in the global adaptation effort and to support the work of SBSTA.

The Munich Climate Insurance Initiative (MCII) was founded in 2005 in Munich as a joint initiative of representatives from Munich Re, Munich Re Foundation, Worldbank, Germanwatch, IIASA, PIK, UNFCCC and independent development and insurance experts. MCII is keenly interested in supporting appropriate adaptation to climate risks by pioneering the use of insurance-related instruments - especially for those countries most vulnerable to climate change.

1. MCII Contributions and Commitment to Nairobi Work Programme

MCII has contributed and will contribute to the Nairobi Work Programme in the area of insurance. Developing countries are most vulnerable in respect to weather extremes - and they contributed relatively little, many of them almost none of the relevant greenhouse gases leading to global warming. At the same time these countries do have very limited capacity to adapt to increasing hazards.



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There is also no insurance market to transfer at least part of their risk to the international insurance and financial market. We think that there is a clear responsibility of the industrialized countries to support insurance related systems for the increasing damages and losses in developing countries. It's a key role of insurance to make risks transparent and show where adaptation processes are necessary. The very comprehensive data of global reinsurers could be used for global and regional analysis. In many developing countries there is a lack of an insurance tradition and understanding of the opportunities and risks of these mechanisms. And: most of the people in developing countries would not have the money to pay for risk adequate insurance premium—at least not in the way that current products are designed. Well designed programs could also set incentive structures to reduce risk among highly vulnerable populations.

MCII pursues an agenda of equitable risk transfer solutions for developing countries.

Insurance in its classic sense only can cover unforeseeable events, like landfalls of hurricanes or floods caused by heavy precipitation events, but not foreseeable changes like sea level rise. For the latter additional support mechanisms must be set in place - the relevant AOSIS-proposal is an interesting starting point for these discussions.

2. MCII Pledges Concrete Action for Adaptation under the Nairobi Work Programme

In conclusion, MCII would like to stress the importance of supporting the Nairobi Work Programme as a framework for concerted action to promote climate adaptation. **MCII pledges to respond to the** insurance call for action, support the Nairobi Work Program and identify the potential role of UNFCCC in at least four concrete ways:

1. MCII will **facilitate insurance-related solutions to help deal with the impact of climate change** especially in developing countries. We will continue to make pledges to the programme, researching solutions which make risk sharing instruments affordable for those most affected by climate change. So MCII will begin in 2008 to contribute to the elaboration of global or regional insurance facilities.
2. MCII will **help** develop pilot insurance solutions for extreme weather events, especially including micro-insurance and weather-indexed agricultural insurance for the poor.
3. MCII suggests a role of climate insurance-related approaches primarily within the UNFCCC framework.



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4. MCII will raise awareness and promote effective and fair incentive structures for loss-reduction measures for tackling climate-related events

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