The Global Insurance Sector, Governments, & Adaption in Developing Countries

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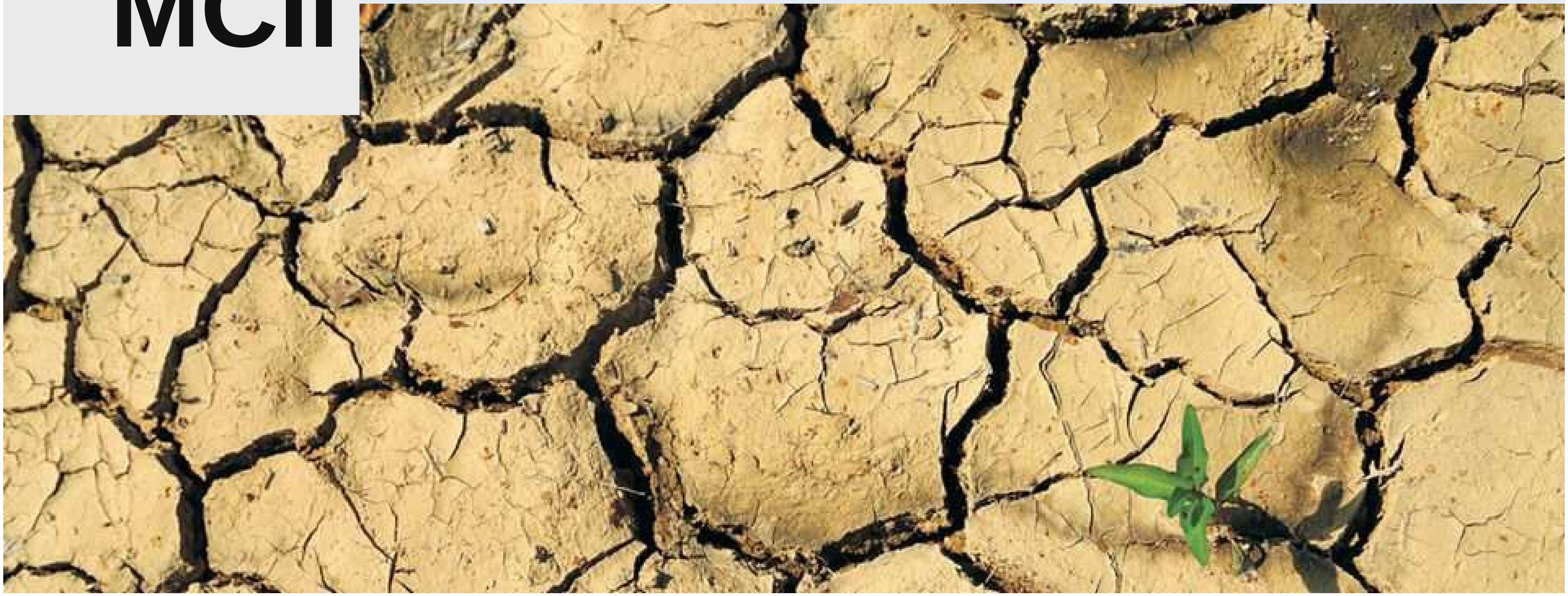
MCII



The Munich Climate Insurance Initiative

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Why?

The Munich Climate Insurance Initiative (MCII) was launched in 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.

Who?

This initiative brings together insurers, experts on climate change and adaptation, NGOs and policy researchers intent on finding solutions to the risks posed by climate change. MCII provides a forum and gathering point for insurance-related expertise on climate-change impact issues.

What?

MCII is a registered non-profit association concerned with international frameworks (UNFCCC, World Bank, international development goals, etc.) and public-private insurance mechanisms for those particularly affected by global climate change

DRR & Insurance in a comprehensive UNFCCC adaptation framework

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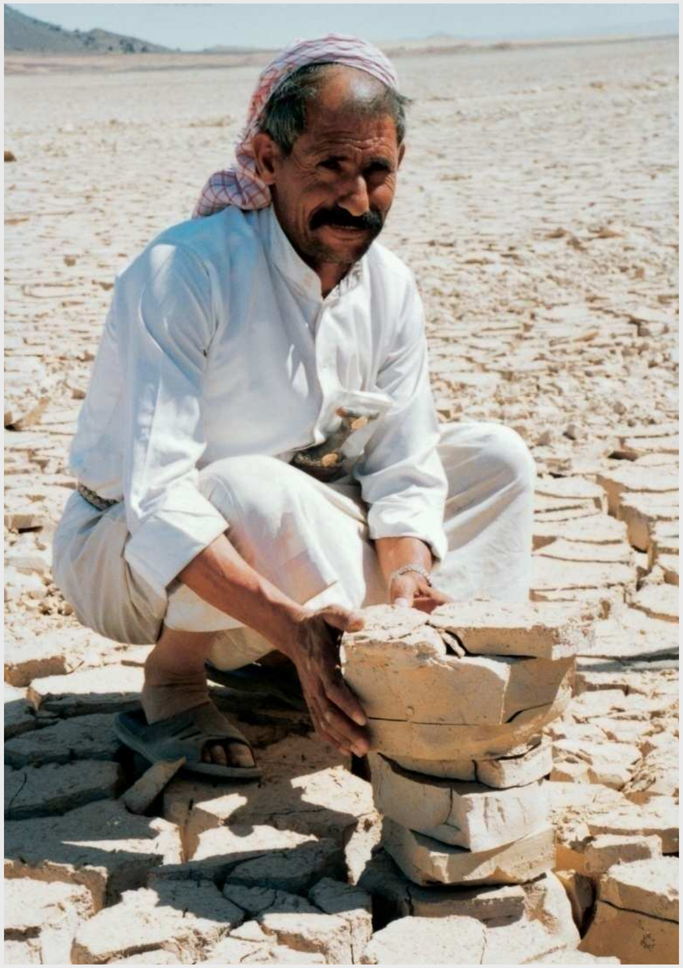

Drought in Yemen, Munich Re

Risks of losses caused by climate-related natural hazards are rising

- 95 per cent of deaths from natural disasters in the last 25 years occurred in developing countries
- Currently US$100 billion economic losses / annum
- Limited allocation of financial resources so far to support adaptation

Developing countries

- Have lowest coping capacity, higher vulnerability

Two issues

- Link insurance with incentives to prevent losses
- Deliver climate insurance solutions to benefit those most vulnerable to the adverse impacts of climate change

The pattern of rainfall is definitely changing. Since the drought has struck severely this time, & people lost so many animals & crops. Farmers had to be resettled.

If the government has the resources to help the people, we would be able to better cope with the consequences of the drought. If our government fails, we fail—but if they provide support & help restore our productivity after the drought, we could avoid a famine from happening.

Why include an international insurance mechanism under the UNFCCC?

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- Risk management and insurance are in the Bali Action Plan
- The principle of common but differentiated responsibilities calls on all Parties to address climate change impacts, including weather-related extreme events
- Disaster risk reduction and insurance can catalyse adaptation and also help leverage limited adaptation funding

What the private insurance sector can contribute to climate adaptation

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- Understanding risks of greatest concern
  - Identifying key risks and vulnerabilities
  - Estimating exposure
  - Risk mapping
- Putting a price on risks and adaptation options
  - hazards and economic values at risk / Risk pricing
  - Helping evaluate the relative merits of different adaptation interventions, cost benefit analysis
- Support identification and overcoming of adaptation barriers (scenario approaches)

What governments need to do

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1. **Engage in risk reduction activities**
2. **Provide a suitable enabling environment** for risk management
3. **Invest in systematic and reliable risk exposure data**
4. **Act on lessons learned about the role of Government in convening and seeding regional public private partnerships**

Weather conditions have become more unpredictable. Disasters may occur at any time now and can destroy herders´ livelihoods. When herders lose their animals they feel terrible. And they become poor.

I have gotten my livestock insured for the last 3 years. I got a payment after the 2 recent disasters. The payment was big enough to help me search for my livestock, repair the animal shelters, and buy adequate feed **(Courtesy: Jerry Skees)**

Thank you!

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www.climate-insurance.org

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