

POSSIBLE ROLES FOR DRR AND INSURANCE IN THE CONTEXT OF LOSS AND DAMAGE

MCII Side Event, May 15, 2012 Peter Hoeppe



Natural Catastrophes 2011 World map





Source: MR NatCatSERVICE

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NatCatSERVICE Natural catastrophes worldwide, 1980 – 2010 Number of events by peril with trend





NatCatSERVICE Income Groups defined by World Bank 2012





NatCatSERVICE Natural catastrophes worldwide 1980 – 2011 Income Groups defined by World Bank 2012





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





 High income economies
 Upper middle income economies
 Lower middle income economies
 Low income economies

 (GNI ≥12,276 US\$)
 (GNI 3,976 – 12,275 US\$)
 (GNI 1,006 – 3,975 US\$)
 (GNI ≤1,005 US\$)

NatCatSERVICE Natural catastrophes worldwide 1980 – 2011 Income Groups defined by World Bank 2012





NatCatSERVICE **Global weather catastrophes 1980 – 2011** Income Groups defined by World Bank 2012 – Number of events



Number of events



NatCatSERVICE Natural catastrophes worldwide 1980 – 2011 Income Group "low" (GNI ≤1,005 US\$) defined by World Bank 2012





Insurance industry provides quantitative data of climate change related losses – important information also for political decision makers.



New GDV*-study on future increases of nat cat losses in Germany based on climate modelling

Statistical loss model storm/hail of PIK:

Regional distribution of changes in losses in a A1B-scenario relative to the average of the past 25 years



* German Association of Insurers

New GDV-study on future nat cat losses based on climate modelling



Flood model of PIK: Mean loss in dependence on return period (values in million EUR)



Future regional vulnerability of human populations to climate change



Global climate-demography vulnerability index (CDVI)





NatCatSERVICE The insured and non-insured world Property insurance premium per capita – Overview



Source: Munich Re, Property insurance premium (non-life including health), per capita in 2008

Countries with low insurance penetration levels show decreases in GDP after weather related catastrophes



GDP p.c. development in countries with different levels of insurance penetration

x 100% trend deviation after a weather related catastrophe



Source: Melecky M et Raddatz C.(2011) "How Do Governements Respond after Catastrophes?" World Bank;



- People in developing countries are most vulnerable to increasing weather extremes
- They have not contributed to the problem, but are suffering from it
- It is just fair that industrialized countries support the adaptation of developing countries to the increasing risks
- Insurance in contrast to donor money is a reliable promise into the future for payouts on a predefined basis
- Insurance (especially parametric) can assure quick payouts and thus help avoid secondary losses



- Insurance gives risk a price tag and thus can incentivize risk reduction on a national and local level
- Insurance cover can be preconditioned on risk reduction measures, DRR measures can be rewarded by premium discounts
- MCII is writing a new submission elaborating in more detail how insurance related mechanisms linked with DRR can be utilized in the context of loss and damage – the opinions/contributions of the delegates are essential for us