



CLIMATE RISK ADAPTATION AND INSURANCE IN THE CARIBBEAN

Reflections on practical implications of setting up
risk transfer for adaptation

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Practical implications of setting up risk transfer for adaptation

Challenge: Demand

- High exposure to weather risk
 - Low income people more exposed than middle/high income people
 - Coping mechanisms often inefficient
 - „Waiting“ and „doing nothing“ widespread
- Explicit demand for risk transfer mechanisms confirmed, but ...
 - knowledge about „Insurance“
 - reputation of „Insurance“
 - budget for „Insurance“

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Challenge: Products have to be:

- Simple and easy to understand
- Transparent
- Affordable (cheap?)
- Available to as many clients as possible
- Fast to buy
- Fast in claims payment
- Complementary to existing structures
(like international/national aid/funding, „commercial insurance“ etc.)

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Challenge: Distribution and Value Chain

- Partners:
 - Distributors (Associations, Financial Institutions, Mobile Phone Companies)
 - Aggregators (Associations, Financial Institutions)
 - Insurers (local companies)
 - Policy makers (Ministers, Ministries)
- Legal aspects
 - Regulation (product approval, agency licenses for distributors, accounting!)
- Costs
 - Main conflict: low premium per policy vs. High distribution costs
 - Education (insurance literacy, marketing)

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Recommendations:

- Have a clear idea and mandate
- Have the right partners (at the right time!)
- Be patient and focused
- And last but not least ...

... if you want to set up risk transfer for adaptation,

„don´t listen to your heart,

listen to your calculator!“

(Dirk Reinhard , Vice Chairman of Munich Re Foundation)

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Thank you very much for your attention!

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