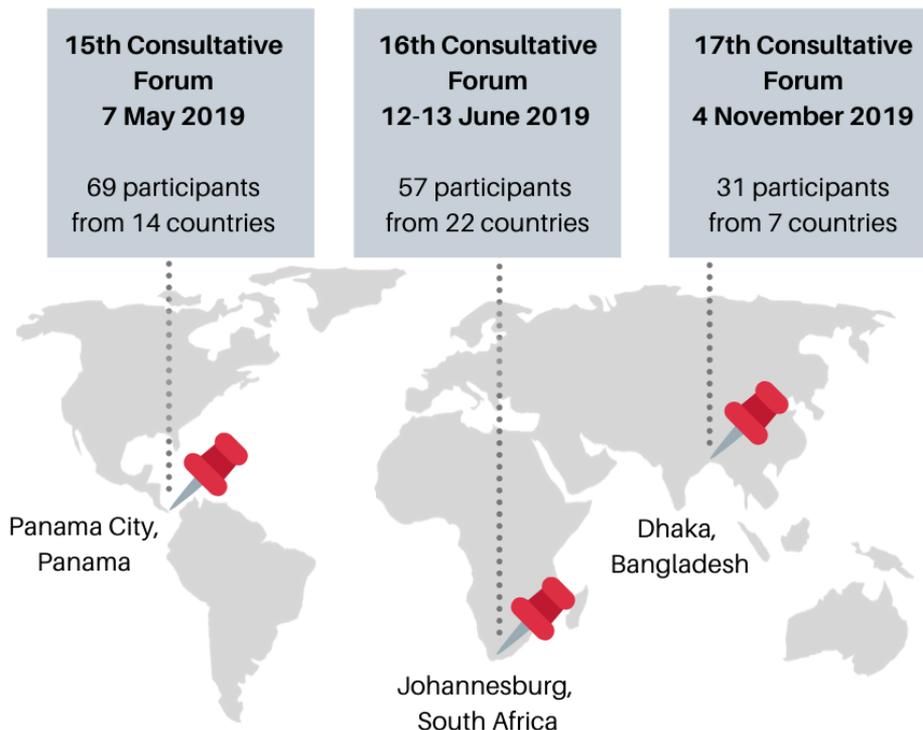


IAIS-A2ii-MiN-InsuResilience Global Partnership Consultative Forums in 2019 “Climate and disaster risk: building resilience, bridging the protection gap”

The challenge: climate change is increasing the already-massive impact natural disasters have on the poor and vulnerable. Insurance as part of an integrated risk management package can play a vital role in building greater resilience and protecting individuals and communities; however, efforts are currently falling short, and a significant insurance protection gap remains.

Stimulating dialogue: insurance regulators and supervisors, policymakers, insurers, reinsurers, brokers, climate change experts, aggregators, and international development professionals from around the globe put their heads together in three dialogue forums jointly organised by the [International Association of Insurance Supervisors](#) (IAIS), [Access to Insurance Initiative](#) (A2ii), [Microinsurance Network](#) (MiN) and [InsuResilience Global Partnership](#), supported by local partners, to address two key questions: what are the roles and responsibilities of each stakeholder in reducing the protection gap in climate risk insurance? What are the urgent steps they must adopt to make this happen?



Supported by:

Key messages:

1. The insurance sector plays a crucial role in protecting and mitigating the impact of climate change. However, insurance is only one building block of a comprehensive disaster risk management framework.
2. Insurance supervisors can play a key role in addressing the protection gap through different pathways.¹ However, in order to do so, they need to be involved in pilot schemes and discussions around disaster risk management with government officials in their respective countries. Moreover, supervisors can motivate industry action and stimulate consumer demand to strengthen resilience against climate risks. Supervisors are also in a good position to act as a bridge and communication catalyst between policymakers, the insurance industry and consumers.
3. The protection gap is still huge; further improved coordination and collaboration between the public and private sectors is therefore needed.

Approaches by different stakeholders to contribute to more resilient societies:



Provide political support for insurance solutions (beyond the provision of subsidies)

- In Bangladesh for example, part of a recent paradigm shift from disaster relief to preparedness is the revision of disaster risk management policy documents to ensure insurance is explicitly included.
 - Some risks that individuals face in the context of climate change may call for governments to consider including more mandatory insurance products in regulatory frameworks.
- Some countries like Senegal have opted to exempt agricultural insurance policies from the imposition of taxes to make products more affordable and promote insurance uptake.
 - In cases where the risk is too high for the private sector, governments may have to establish insurance programmes to fill the protection gap; these programmes should however, be priced based on actual risk and should not seek to supplant the private market.
 - Subsidies or other financial incentives, at least for the early stages of operations might be another option to support climate risk insurance solutions.

¹ For further details please see: <https://a2ii.org/index.php/en/news/a2ii-publishes-the-spanish-and-french-translations-of-the-role-of-insurance-supervisors-in-climate-risk-insurance>

Take out insurance protection at the sovereign level against catastrophic events like drought, hurricanes and earthquakes

- The Caribbean Catastrophe Risk Insurance Facility ([CCRIF](#)), the African Risk Capacity ([ARC](#)), the Pacific Catastrophe Risk Assessment and Financing Initiative ([PCRAFI](#)) and the South East Asia Disaster Risk Insurance Facility ([SEADRIF](#)) were created to mitigate the financial effects of disasters for governments. They provide short-term funding to member governments to support relief in the immediate aftermath of a natural disaster - rebuilding critical infrastructure and sectors or providing humanitarian assistance. By February 2020, the CCRIF had provided payouts of US\$ 138.8 million to member countries in the region.



Supervisors can champion climate risk insurance (CRI) by catalysing action to strengthen resilience against climate risks and acting as a bridge and communication catalyst between policymakers, the insurance industry and consumers

- CIMA, the Inter-African Conference of Insurance Markets in West Africa, is currently drafting a climate strategy to ensure that supervisors are more involved in climate-related topics, including issues like consumer education, reporting and disclosure, scenario analyses as well as a test-and-learn approach for the approval of new products and schemes in the climate context.
- In addition, a green strategy will be implemented involving staff from the government in activities such as planting trees, etc. in order to sensitise them to climate issues

Stimulate the market for CRI

- Supervisors can create an environment where insurers can test new innovative ideas for climate risk solutions. Supervisors can also support public awareness and education efforts. In addition, supervisors play an important role in the sharing of relevant data and information with other stakeholders
- Pilot projects, such as those in Senegal or Kenya, were established to test index-based insurance. These pilots and sandboxes were supported by supervisors, who are then also involved in the learning process through discussions between the public and private sectors.



Offer products that contribute to broader integrated risk management initiatives, aiming to build resilience from a holistic point of view

- In Bolivia, Fundación PROFIN created an innovative initiative to enhance the resilience of smallholder farmers through crop and livestock risk transfer tools, including insurance.
- The [World Food Programme's R4](#) initiative, an integrated microinsurance approach, includes not only insurance for assets, but also risk reduction and risk transfer mechanisms.

Invest in innovations and technology for CRI

- For example, the crop insurance product offered by [PULA](#) to more than 800,000 farmers in nine countries in Africa and Asia is bundled with the inputs farmers already use like seed and fertiliser. Technology, such as satellite imaging, is used to complement farm-level yield data when determining insurance payouts. Seamless and automated insurance policies ensure hassle-free coverage and payouts.
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Further Information

- 15th Consultative Forum: [video recordings](#) in English or Spanish, [presentations](#) available
- 16th Consultative Forum: [video recordings](#) in English or French, presentations are available in [English](#) and [French](#).
- 17th Consultative Forum: [video recordings](#) and [presentations](#) are available