The Role of Government on Inclusive Insurance for Climate and Disaster Risk: Bangladesh Perspective

Md. Mohsin
Additional Secretary
Ministry of Disaster Management and Relief
Government of Bangladesh

Source: Germanwatch “Global Climate Risk Index (2019)"
Causality Trend due to Cyclones in Bangladesh

- 1970: 1,000,000
- 1991: 140,000
- 2007: 3,700
- 2019: 4
“Bangladesh is the best teacher to learn about the Climate Adaptation” (Ban Ki-Moon, Former United Nations Secretary General, 10th July 2019 at Dhaka)
Bangladesh Initiative related to Inclusive Insurance for Climate and Disaster Risk

Support for Enhancing Insurance Sector
Support for reliable weather, water, and climate information services

Index-based Flood Insurance for Farmers
Weather Index Insurance for Farmers
Bangladesh Initiative related to Forecast based Actions/ Financing

Bangladesh Red Crescent Society with German Red Cross, American Red Cross, Swiss Red Cross, CARE Bangladesh, WFP, Start Fund supported from DFID are promoting Forecast based Financing (FbF).

In 2019, more than 5,000 flood affected people got money through mobile banking system 3 days before the flood happened.
Insurance Penetration Rate in Major Asian Countries in 2018

- Thailand: 5.27%
- Malaysia: 4.77%
- China: 4.22%
- India: 3.70%
- Vietnam: 2.42 (242)
- Indonesia: 1.95
- Philippines: 1.82
- Sri Lanka: 1.15
- Bangladesh: 0.57

Source: Swiss Re
Challenges of Inclusive Insurance for Climate and Disaster Risk

• Though Government of Bangladesh is promoting to enhance insurance sector, peoples may not fully ready to accept insurance products related risk transfer. Convincing business model is also not established yet.

• Success of Inclusive Insurance are largely depending on accurate forecasting and early warning capacity. But climate risk insurance related accurate data are not always available in the country.
Challenges of Inclusive Insurance for Climate and Disaster Risk

- As projected the effects of climate change will be more severe in the future, Insurers may have difficulties in pricing risks. Re-Insurance system with other major international insurers have not still established in the country.

- Though Government enforces building code, Private Buildings in the large cities are not complying building code thus vulnerable against earthquakes. Risk calculation and premiums setting for urban areas remain difficult.
What to do

• Preparing infrastructure inventory data and detail disaster history and making them available

• Expanding Comprehensive information of Inclusive Insurance with evidence based pilot actions

• Enhancing technical and management capacity at different level should be enhanced, especially for Grassroots level

• Clarifying institutional monitoring mechanism of Inclusive Insurance for Climate and Disaster Risk

• Refining Sustainable Financing Mechanisms
Thank you