Climate Risk Insurance and The InsuResilience Risk Talk Tool

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The Case for the Partnership

The Global Climate and Disaster Risk Landscape

- Adverse climate change impacts expected to cause up to 3.3% reductions in global GDP by 2020\(^1\), amplifying economic inequalities and putting SDG’s at risk
- The cost of disasters in developing countries is estimated at $29 bn. a year for 77 countries\(^2\)
- Impacts on lives, livelihoods and assets not evenly distributed: less than 5% of disaster losses are covered by insurance in poorer countries (~50% in high-income countries)\(^2\)

The Role of Disaster Risk Financing

- Sovereign disaster risk financing tools, including insurance, can strengthen rapid response to disaster shocks and finance disaster recovery
- The partnership will invest in evidence, innovation and capacity building, and work towards financial protection that is linked to disaster response and recovery planning
- Delivery mechanisms to reach the poor and vulnerable are critical for faster, cost-effective and more reliable response

The Partnership contributes to the 2030 agenda as part of the goal to strengthen wider resilience through addressing cross cutting topics, like disaster risk reduction and climate change adaptation
Vision and Priority Areas of Action

**Vision**: Strengthen the resilience of developing countries and protect the lives and livelihoods of poor and vulnerable people against the impacts of disasters

**Objective**: Enable more timely and reliable disaster response through the use of climate and disaster risk finance and insurance solutions

**Role of the Partnership**: Promote and enable the adoption of disaster risk financing and insurance approaches as part of comprehensive disaster risk mgmt. strategies; 48 members: V20/ G20, Int. Organisations, private sector, CSOs, academia

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**Four main areas of action**

- Multi-Stakeholder Community
- Facilitating Action
- Empowerment
- Network-Building
Aiming to close the protection gap, we welcome the creation of a ‘Global Partnership for Climate and Disaster Risk Finance and Insurance Solutions’, inviting relevant partners from G20 and other countries, international organisations and, as appropriate, civil society and private sector to engage...

– G20 Hamburg Climate and Energy Action Plan for Growth, July 2017
PCRAFI: In 2018, Tonga received a payout of USD 3.5 million following cyclone “Gita”.

CCRIF: In 2017, payouts of more than 55 million USD were made to 10 CCRIF member states in September 2017, following the devastating effects of hurricanes Irma and Maria in the Caribbean.

ARC: Since its inception in 2014, ARC has paid out more than 34 million USD to four drought-affected countries: Mauritania, Niger, Senegal and Malawi.

Solutions for countries – sovereign risk pools

Commitments of 675M USD

20 solutions in 73 countries
**African Risk Capacity (ARC)**

- **Drought insurance** for members of the AU in combination with **early warning** systems and **contingency** planning
- Currently expanding to new countries
- New insurance products to cover **floods** and **tropical cyclones** under development
- In 2015: First payments made to Senegal, Mauriania and Niger

USD 180 million up to 140 million

Source: GIZ
Solutions for people – inclusive insurance

Poor slum women investing in resilience through savings cum microinsurance

Tapping women’s habit of saving to manage climate induced risks through innovative chit fund-cum microinsurance scheme

Insurance market development – Zambia

Contract farming scheme for smallholder cotton farmers, offering weather index insurance based on satellite data, covering droughts, excess rainfall, and funeral insurance since 2013/14

Innovative Technologies - India

Increase the sustainability of the insurance market by introducing innovative climate risk insurance concepts or innovative technology solutions (e.g. remote sensing, Blockchain). New technologies can extend the class of beneficiaries and make insurance more accessible and affordable.
Example Paraguay – inclusive insurance

Project **Fortalece RES**

**Strengthening the resilience of vulnerable rural populations in Eastern Paraguay**

**Objective:** to generate favorable conditions for the implementation of insurance aimed at the vulnerable rural population with emphasis on the Departments of Caazapá and Caaguazú.

- **Working area 1: Social microinsurance**
  Life and permanent disability insurance linked to the Co-responsibility Money Transfer Programme (TMC) "Tekopora" of the Social Action Secretariat (SAS).
  Beneficiaries: 13,000 families

- **Working area 2: Agricultural insurance**
  Agricultural insurance for small and medium-sized family farmers
  Inter-institutional steering group, including the Superintendency of Insurance (SIS-BCP), the Ministry of Agriculture and Livestock (MAG), the Crédito Agrícola de Habilitación (CAH) and the Ministry of Finance.

**Objective:** risk management in the non-traditional livestock sector through the application of financial products

**Work area: Insurance for livestock production**

Start in 04/2018, initial planning phase, in conjunction with the Vice-Ministry of Gandería (VMG) and the competitiveness tables of different value chains.

Strengthening the resilience of small and medium producers of non-traditional livestock.
What role do insurance supervisors play in the context of the InsuResilience Global Partnership?

In general: Create an **enabling regulatory framework/legal environment** that contributes to the central objective of the Global Partnership to enable more timely and reliable post-disaster response as well as better preparedness for climate and disaster risk through the use of climate and disaster risk finance and insurance solutions.

Concrete example: **respond to emerging technological trends**, such as the use of satellite data, or Blockchain technology.

A strengthened regulatory framework has the potential to **leverage additional private sector capital and capital from foreign investors**.
The Fiji Clearing House consists of two parts

- In the Paris Agreement (1/CP.21), Parties mandated the Executive Committee (Excom) of the Warsaw International Mechanism (WIM) on Loss and Damage to establish a “Clearing house for risk transfer”;
- The Clearing house serves as the UNFCCC repository of information on insurance and risk transfer and was named “Fiji Clearing House for Risk Transfer” at COP23

Static part - Knowledge center

Interactive part - RISK TALK
**RISK TALK** - an exchange community on climate risk solutions

RISK TALK was launched at COP23 by InsuResilience and UNFCCC in contribution to the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts.

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<th>The Challenge</th>
<th>The Solution</th>
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<td>Risk transfer solutions can help vulnerable communities to effectively manage their climate change related risks.</td>
<td><strong>RISK TALK</strong> aims to enable a faster and better exchange on risk transfer solutions.</td>
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<td>However, there exists a <strong>knowledge gap</strong> that prevents those who would need risk transfer solutions to make use of them.</td>
<td>Based on a self-learning algorithm, it connects interested people with little or no expertise with experts from all over the world.</td>
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<td>While the internet might provide general solutions, it does not offer the specific answers the people need to develop their risk strategies.</td>
<td>This interactive exchange community shall help users to develop and implement effective risk management strategies.</td>
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How does RISK TALK work?
Risk Talk uses the Starmind technology and offers intuitive and easy access to climate risk transfer experts globally.

01 You have a question...
02 You type in the question...
03 Similar questions from the past are displayed.
04 Your unique question is automatically directed to a pool of experts.
05 You receive a response to your question!

You have instant access to the information you sought for.
Rate the answer or continue the dialogue with the expert for further details.
How does RISK TALK work?

Users can enter anonymously any question through a simple web interface, which is then directed to a pool of experts identified by the system.

Experts are selected based on the question-related actions a user performs, such as answering, commenting, recommending other experts or rating in the question-linked knowledge areas.

The selected experts can provide users with tailor-made answers to their specific questions.

The accuracy and completeness of a proposed solution can be judged through a rating system open to all users.

Users can also view questions of other participants. Thereby users can expand their network and participate in an active exchange with other stakeholders working on climate risk transfer.

Since COP23:

- 86 Questions Asked
- 334 Experts from various fields
- 107 Solutions
- 4,7 Average ratings of experts' answers
- 3364 Question views

To join RISK TALK visit: http://insuresilience.org/risk-talk
There are several ways to reach us

Email us:
secretariat@insuresilience.org

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Questions on CDRF – ask an expert on RISKTALK
A joint platform with UNFCCC
Register here: insuresilience.org/risk-talk

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