

# Climate Risk Insurance and The InsuResilience Risk Talk Tool

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# Presenters



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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<sup>1</sup>, 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<sup>2</sup>
- 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)<sup>2</sup>



### 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 & Central Objective

**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

## Four main areas of action

Multi-Stakeholder  
Community

Facilitating Action

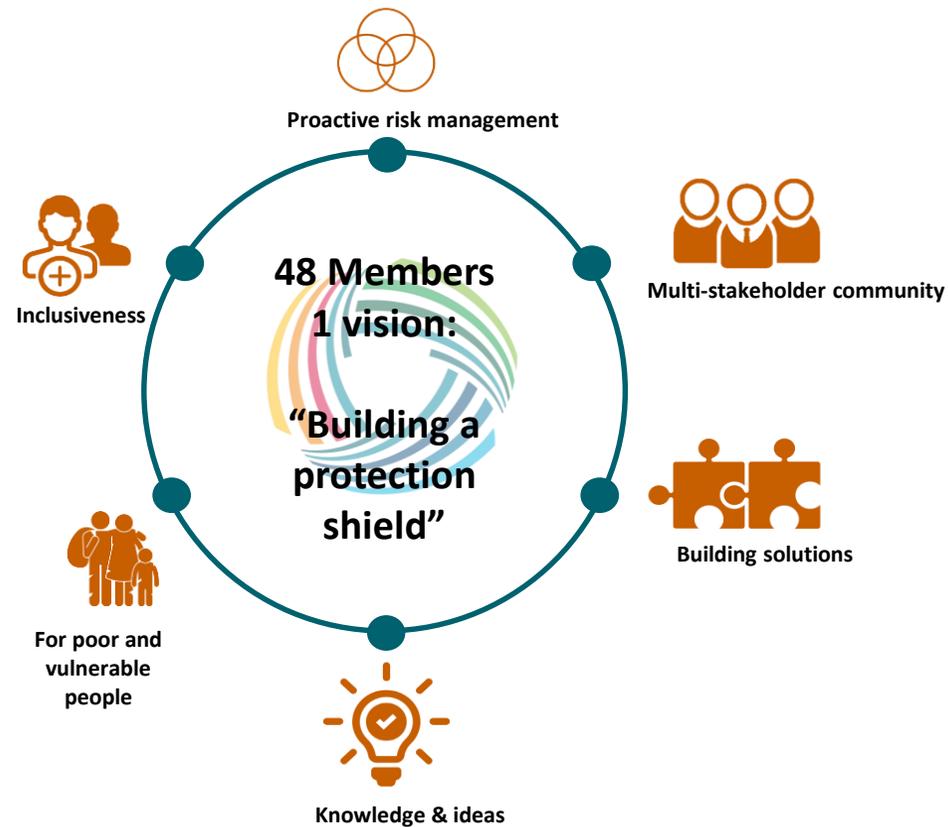
Empowerment

Network-Building

## A Global platform for V20-G20 exchange



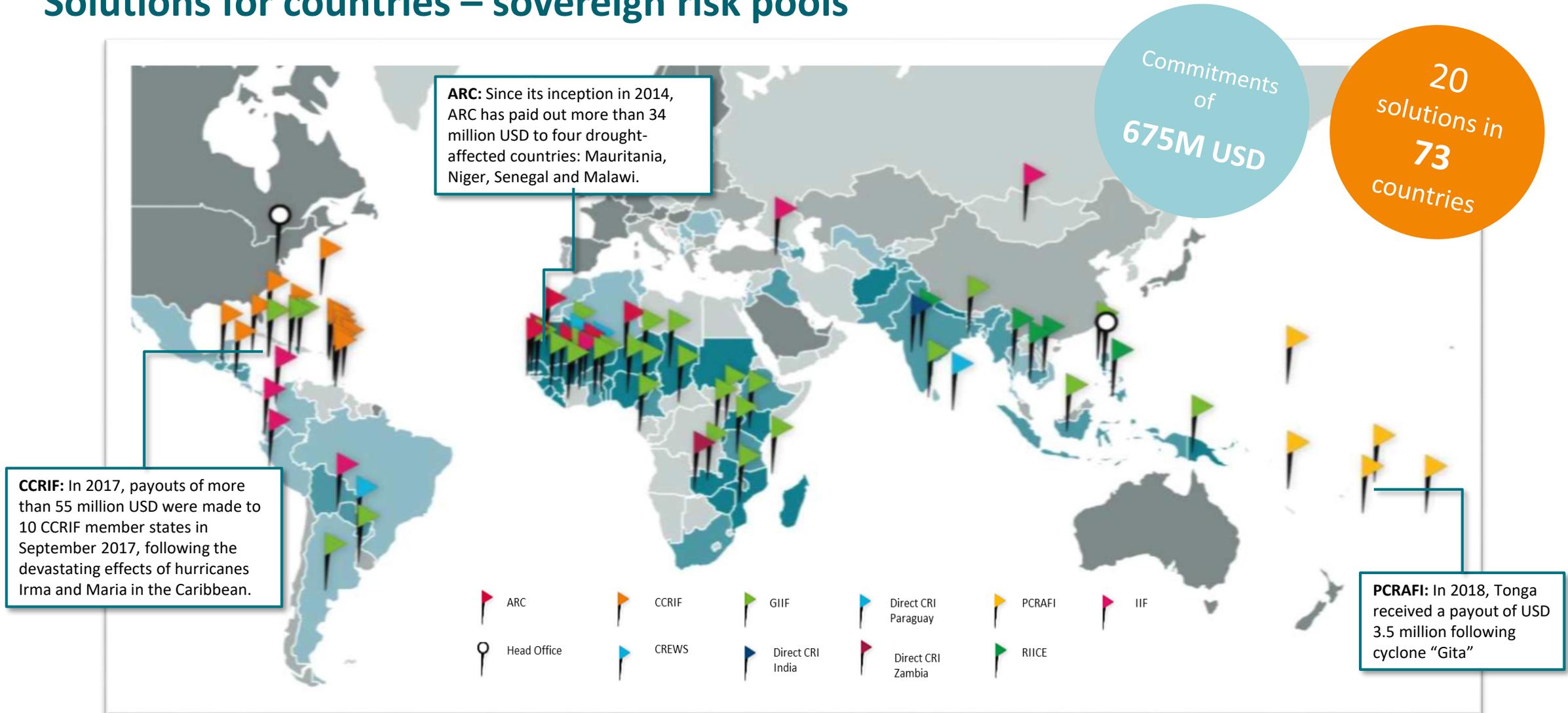
Photo credit: UNICEF Pacific



*"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

## Solutions for countries – sovereign risk pools





## 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, Mauritania and Niger



USD 180 million



up to 140 million





## 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

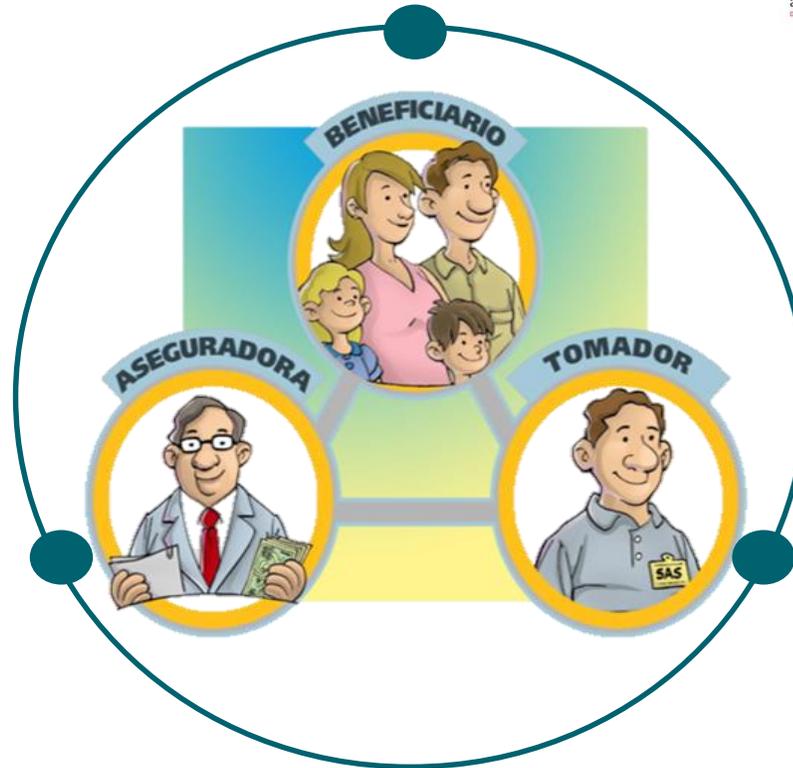


Strengthening the resilience of vulnerable rural populations in Eastern Paraguay

**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

- ▶ **Work 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.



Implementado por:



Ministerio de  
AGRICULTURA  
Y GANADERÍA

GOBIERNO  
NACIONAL

PROYECTO "PROMOCIÓN DE UNA PRODUCCIÓN PECUARIA DIVERSIFICADA Y SUSTENTABLE"  
COMPONENTE 3: APOYO A LAS MESAS SECTORIALES Y A SUS ACTORES

**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



InsuResilience  
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United Nations  
Climate Change

**RISK  
TALK**

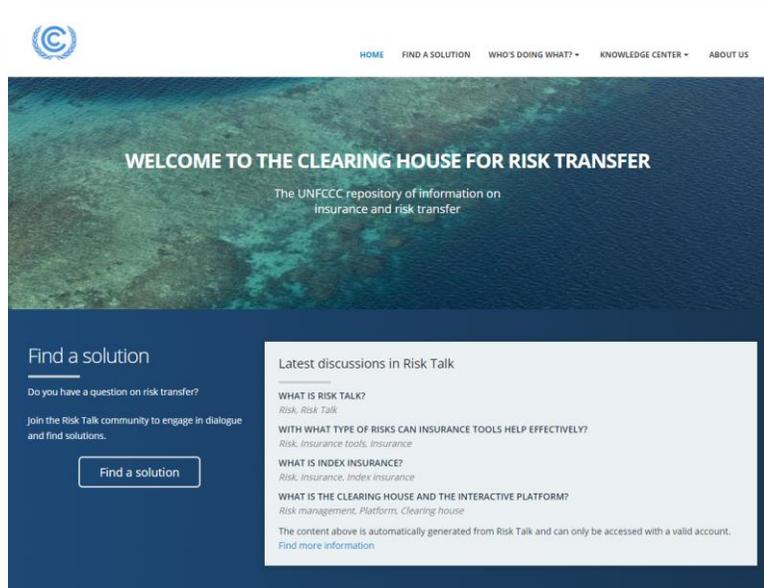


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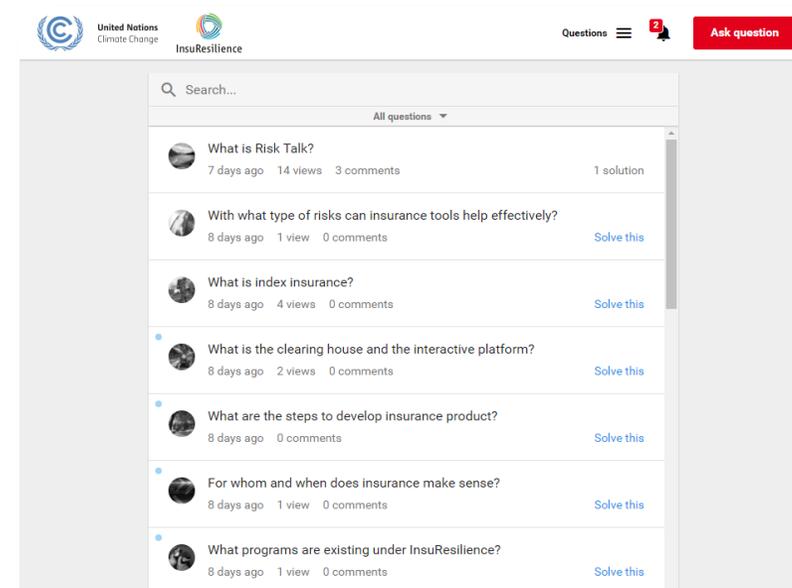
## The Fiji Clearing House consists of two parts

- ▶ 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.

### The Challenge

Risk transfer solutions can help vulnerable communities to effectively manage their climate change related risks.

However, there exists a **knowledge gap** that prevents those who would need risk transfer solutions to make use of them.

While the internet might provide general solutions, it does not offer the specific answers the people need to develop their risk strategies.

### The Solution

**RISK TALK** aims to enable a faster and better exchange on risk transfer solutions.

Based on a self-learning algorithm, it connects interested people with little or no expertise with experts from all over the world.

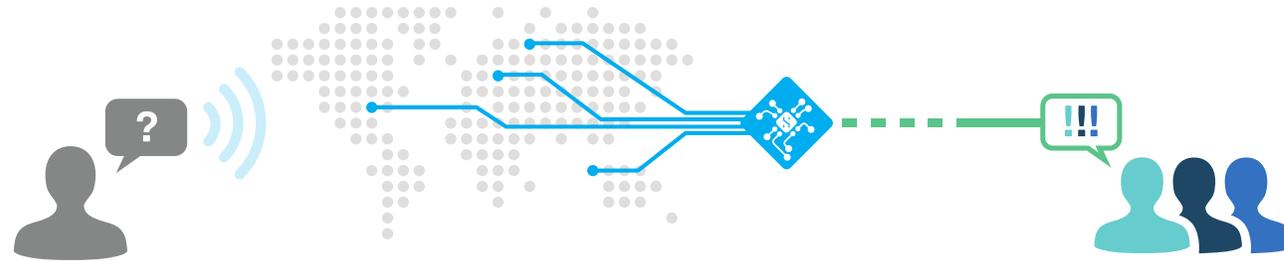
This interactive exchange community shall help users to develop and implement effective risk management strategies.





## 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.

You have instant access to the information you sought for.

04 Your unique question is automatically directed to a pool of experts.

05 You receive a response to your question!

Rate the answer or continue the dialogue with the expert for further details.

## How does RISK TALK work?

Since COP23:



**86** QUESTIONS  
ASKED



**334** EXPERTS FROM  
VARIOUS FIELDS



**107** SOLUTIONS

**4,7** ★★★★★  
AVERAGE RATINGS  
OF EXPERTS' ANSWERS

**3364** QUESTION  
VIEWS

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.

Partners:



United Nations  
Climate Change

**RISK  
TALK**



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Register for RISK TALK



To join RISK TALK visit:

<http://insuresilience.org/risk-talk>



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## There are several ways to reach us

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[secretariat@insuresilience.org](mailto:secretariat@insuresilience.org)



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Questions on CDRF – ask an expert on RISK TALK  
A joint platform with UNFCCC  
Register here: [insuresilience.org/risk-talk](https://www.insuresilience.org/risk-talk)

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