

Unprecedented G7 commitment on climate risk insurance

Munich Climate Insurance Initiative (MCII) welcomes the announcement to provide climate risk insurance for up to additional 400 million vulnerable people

9 June 2015, Elmau / Bonn – The G7 leaders announced that they commit to increasing climate insurance cover for an additional 400 million poor and vulnerable people in highly exposed and low income countries within the next 5 years. Today, very few people in developing countries have any access to insurance against climate risks.

“This move is the largest insurance-related commitment to improve the quality and sustainability of climate risk management in vulnerable countries to date,” said Dr. Peter Hölpe, Chair of MCII and Head of Geo Risk Research/Corporate Climate Centre at Munich Re, “The G7 CRII represents an unprecedented effort to take concrete steps to address the needs of vulnerable communities adapting to climate change.”

For example, regions of the world like Africa regularly experience drought, which often escalates to starving populations if assistance is not available in time. Insurance related instruments, in combination with other tools such as early warning systems and risk reduction, can reduce the negative impacts of weather-related disasters.

"They can enable a timely recovery, can build people's and communities' resilience," states Dr. Koko Warner, Executive Director of the Munich Climate Insurance Initiative (MCII). The G7 communiqué highlights the potential of upscaling regionalized risk insurance pools like the African Risk Capacity (ARC) and Caribbean Catastrophe Risk Insurance Facility (CCRIF) but it's also eager to create innovative instruments. Insurance platforms like ARC combine early warning, index insurance for rapid payouts, and contingency planning to reduce risk and assist food insecure communities in case of drought. "Innovative combinations of existing tools including insurance will help pave the way for transformation and improved climate risk management for vulnerable areas," says Dr. Koko Warner.

The G7 Summit coincided with the Climate Talks in Bonn, where the international community is shaping the agenda for a new climate agreement to be decided upon in Paris later this year.

“Worldwide, there is a growing need to buffer against climatic shocks. This is especially the case for low-income groups living on the frontlines of climate change. A climate risk insurance initiative with a clear focus on the poor sends an important trust building signal for the climate negotiations in Paris,” said Christoph Bals, Vice Chair of MCII and Policy Director of Germanwatch. He emphasized factors for success: effective monitoring of the results for the poor and most vulnerable people, and close cooperation with vulnerable countries and civil society in implementing the initiative. At the UN Climate Talks in Bonn and in the lead up to Paris, MCII is supporting the UN Framework Convention on Climate

Change (UNFCCC) and policymakers in finding effective ways to increase the resilience of people at risk from negative impacts of climate change.

About MCII

For 10 years the Munich Climate Insurance Initiative (MCII) has been working to analyze insurance related solutions for the world's most climate vulnerable communities. The initiative represents an unprecedented partnership between some of the world's largest (re)-insurers, academics, civil society organisations and risk management practitioners.

MCII implements insurance solutions on the ground. It is now operational in three countries in the Caribbean (Jamaica, St. Lucia, Grenada) where it launched two insurance policies (one for individuals and one for financial institutions) and initiated the integration of micro insurance into national and regional regulatory framework. MCII is hosted at the United Nations University Institute for Environment and Human Security (UNU-EHS).

Website: <http://www.climate-insurance.org>

Infographic: <http://ehs.unu.edu/file/get/12009.jpg>

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