

## Global insurance against climate damages

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### RNE: Germany as an advocate

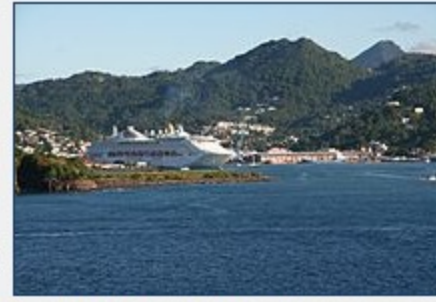
One of the big questions for the upcoming climate negotiations up to COP21 will be how developing countries in their efforts can be to adapt to the Klimaawandel. For years, insurance companies are under discussion which are the affected people in these countries will help. Germany makes this the subject of the next G7 meeting in Elmau and provides money ready for start-up funding.



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The 1.7.2014 was for the Caribbean island of St. Lucia, a historic date: Two weeks ago, at Christmas time, there were some regions in the north and south and heavy rains caused considerable damage. The first concerned was already on that January day money to rebuild, not donations, but a withdrawal from a so-called Livelihood Protection Policy, an insurance policy that is also available on the neighboring island of Grenada.



Insurance is a pilot project, supported among others by the German Ministry of the Environment and of the [Munich Climate Insurance Initiative](#). Perhaps the insurance for countries like Saint Lucia could soon be international model: Since the climate summit in 2010 in Cancun, Mexico, there is an official work order of the UN Framework Convention on Climate Change (UNFCCC), to work on insurance solutions that especially come concerned about Good to climate change - mostly People in developing countries who have no money for a policy.

### Money from the Green Climate Fund

Germany organized a conference on the subject, has launched an initiative of the G7 for climate risk insurance into life and announced to provide 150 million euros for this. In general, industrialized countries want from 2020 on the so-called Green Climate Fund provide 100 million dollars a year for adaptation and repair damage caused by climate change. Public aid for insurance might constitute a use of the money.

### Green Climate Fund



Public-private partnerships are essential for financing of such insurance when the most vulnerable people should get access, says about Christoph Bals, Policy Director of German Watch and a member of the Climate Insurance Initiative.

Peter Höppe Also there is a member, head of Geo Risks Research / Corporate Climate Centre Munich Re. "It will not succeed in the long run, to demand of the people affected risk-adequate premiums. These are people who live on less than two dollars revenue a day," he says.



To help them, a simple possible mechanism would be necessary, when the insurance kicks in. "In the case of heavy rainfall, we can not only damage estimator send" says Höppe. Disbursements in St. Lucia therefore automatically take place when prevail in a given area for heavy rain or extreme winds that exceed a defined value. However, this individual concerned may be overlooked elsewhere, and others may have little damage and still get payments.

Nevertheless, thanks to comprehensive weather and damage databases the insurer method is relatively reliable and above all: "simple," says Höppe. The advantage of such insurance is obvious: "In the case of a natural disaster is directly in the critical phase immediately after money there.

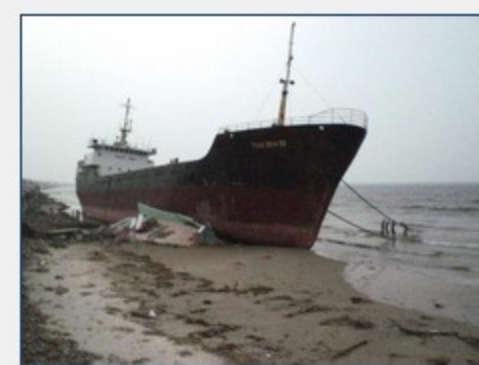
Rather than collect only help, can immediately find the problems are solved," says Christoph Bals. How effective this can be, the drought insurance African Risk Capacity has now shown. Financed by Germany and the UK helped earlier this year to overcome a drought in Mauritania, Niger and Senegal.

### Incentive to adapt

Höppe called a second important point of the insurance in the Caribbean: Who prepared well his crop or his house on extreme weather, still gets paid money. "So the people have an incentive to keep the damage small, because they are indeed paid out anyway," says Höppe. For Bals, it is essential that the policies and incentives such adaptations to climate change.



"However, such insurance is only one of many measures to adapt to the impacts of climate change," said Bals. The policies come only in extreme cases, are used, but not when farmland gradually dries up, the sea level rises, salty soils or shift climate zones for decades.



A strategy paper, which is now to be adopted by the G7, provides several variants of insurance. Of this benefit, which then pass on the funds to those affected throughout the States. Model could here the [Caribbean Catastrophe Risk Insurance Facility](#) to be. Supported by the World Bank, it pays Caribbean countries during natural disasters once funds from.

Höppe any case is certain that climate risk insurance will soon be introduced on a larger scale: "For ten years we are working on the concepts and their implementation. I see by the G7 Summit is a great opportunity that we now take a major step toward implementation," he says.

-> Source: [nachhaltigkeitsrat.de](#)



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