



Federal Ministry
for Economic Cooperation
and Development



G7 GERMANY 2015

G7 Initiative on Climate Risk Insurance “InsuResilience”

Reducing Risks – Insuring Losses - Increasing Resilience

Fall Meeting of the Consultative Group

Berlin October 28, 2015

The Challenge & Innovations by G7 climate risk insurance

- **Negative impacts** of climate change are reality and they will increase in future.
- **Poor people** are especially vulnerable, they need our support to adapt to climate change and to improve their resilience against negative impacts, losses and damages.
- **Adaptation** is crucial but cannot eradicate all climate risks, **residual risks** always remain and will trigger disasters
- **Climate risk insurance** addresses residual risks, thus reduces the negative impacts of weather-related disasters like hurricanes, floods, or droughts.
- G7 Climate risk insurance is an important and innovative tool within a **Comprehensive climate risk management** approach
- G7 InsuResilience is contributing to **UNFCCC / Warsaw Mechanisms** & **SFDRR** goals and is **ODA** eligible

The Ambition – How many beneficiaries can be reached by the G7- Climate Risk Insurance Initiative ?

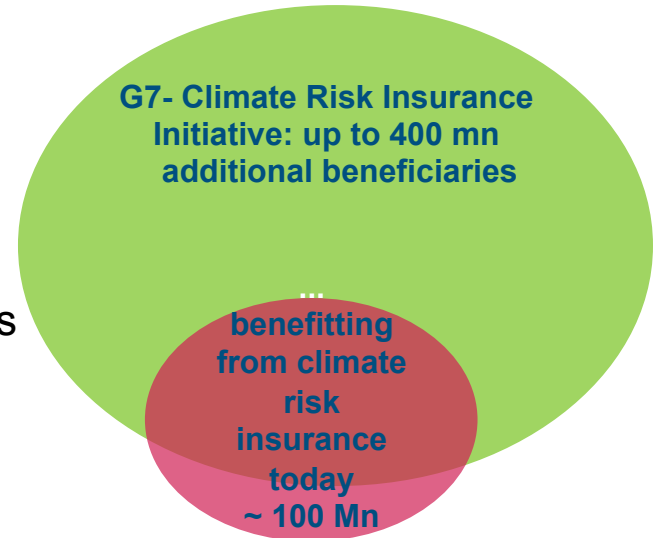
Baseline

Currently **only 100 million** of the global poor and vulnerable people benefit from insurance **coverage against climate risks (55 mn direct / 45 mn indirect)**

From Baseline to Outreach

Regional scale-up to **400 million** additional beneficiaries and expected market development for direct (100 mn) and indirect (300 mn) insurance until 2020.

The G7 Initiative has received great political buy-in ranging from UNSG Ban Ki-moon to Chancellor Merkel



The Way Forward

Reaching the objective of the **G7 Climate Risk Insurance Initiative** will be driven by

- Strengthening already established **indirect risk insurance facilities** like **ARC** (Africa), **CCRIF** (Central America) and e.g **CCRIF/PCRAFI** (Pacific)
- Development of climate risk insurance markets for **direct insurance** schemes
- Enhance **political commitment, ownership and momentum** in partner countries, G7 and other countries to support the initiative
- **Create enabling frameworks and incentives** for local and international (Re)Insurers to engage in climate risk insurance markets and to provide risk capacity
- Providing an **institutional set-up to coordinate G7 InsuResilience (Secretariat)**, enhance dialogue (“**G7 Forum of the vulnerable**“) and participatory steering (“**Steering committee**“)

The Way Forward

Status Quo

- **Germany provides over 150 mio. EUR for rapid action. Further pledges and commitments envisaged from all G7 partners to finalize Rapid Action package 2015/2016.**
- **Upcoming Strategic exchange dialogues and round tables** e.g. with the private sector which plays a crucial role, the civil society and vulnerable countries, UN bodies, development banks, science and research.
- Preparing the establishment of a specific **G7 InsuResilience Governance Structure** to be operational starting next year, comprising a **Secretariat**, an innovative **Forum** for all stakeholders and a participatory **Steering committee**.

The Way Forward - Intended Rapid Action

“G7 COP 21 Climate Risk Event in Paris on December 5 – LPAA Action Day”

Agreements will be signed at the Action day for

- **Africa:** Significant number of additional beneficiaries to be reached, through the expansion of the coverage of **ARC** to the risk of floods and tropical cyclones and increasing the number of participating countries
- **Caribbean and Central America:** Significant number of additional beneficiaries to be reached through the expansion of the coverage of **CCRIF** on excess rainfall and through increasing the number of participating countries
- **Pacific:** Significant number of additional beneficiaries to be reached, through a **regional disaster risk facility and management structure** covering a substantial number of Pacific Island States.
- **Rapid Action Plan:** For implementation of initial key measures.

The Way Forward - Intended involvement of GFDRR

- **G7 aims at announcing rapid implementation plan at COP 21** (focusing initially on sovereign risk schemes that GFDRR has experience with, express interest of G7 in sustainable structures, solid contingency planning and long-term business plans)
- **What we are looking for – sovereign risk pools:** Regional buy-in for sovereign risk pools, (long-term) sustainable business plan in the Pacific and Caribbean with concrete time frames and well-designed products to be offered as well as contingency planning to guarantee good use of funds
- Establish a GFDRR – **InsuResilience action Plan** 2016 – 2020



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Thank you very much for your attention!