G7 Initiative on Climate Risk Insurance “InsuResilience”
Reducing Risks – Insuring Losses - Increasing Resilience

Fall Meeting of the Consultative Group
Berlin October 28, 2015
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
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
Thank you very much for your attention!