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## Climate Delegates Urged to Find Solutions for Vulnerable Countries and People.

*Experts from the Munich Climate Insurance Initiative (MCII) outline ways to design and implement disaster risk reduction (DRR) and insurance for adaptation. A new Policy Brief of MCII and the United Nations University Institute for Environment and Human Security (UNU-EHS) provides answers and concrete recommendations for action.*

“Our research over the past years has shown that insurance solutions – with coordinated public-private action and some international support – has the potential to help vulnerable countries and people adapt to climate change”, stated Koko Warner (UNU-EHS), lead author of the policy brief ‘Solutions for Vulnerable Countries and People’. “Now it is time to move from knowledge to action. The need to link DRR and insurance and scaling them up is greater than ever to get the critical mass for adaptation”, Dr. Warner continued.

Prof. Peter Hoeppe (Head of Geo Risks Research and Corporate Climate Centre of Munich Re) added: “In the past three decades, 95% of deaths from natural disasters happened in developing countries. In the last 10 years, economic losses averaged US\$ 100 billion per year – people need help to manage increasing risks.”

For example HARITA (Horn of Africa Risk Transfer for Adaptation) integrates insurance with both risk reduction and credit. By allowing very vulnerable farmers to pay their premiums through risk reducing labour (e.g. building irrigation channels etc.), farmers benefit even when there is no payout. These risk reduction activities help minimize vulnerability to drought and improve yields.

The importance of linking disaster risk reduction and innovative insurance approaches has risen, along with an increase in weather-related extreme events across the globe. Insurance-linked solutions have been mentioned in the United Nations Framework Convention on Climate Change (UNFCCC) since the early 1990s. The advanced adaptation negotiation text for the August 2010 Climate Talks in Bonn, recognizes the importance of risk reduction and insurance. It is now the political will within the UNFCCC process and in the affected regions which is needed to move forward. This subject will also be discussed at an UNU-EHS/ MCII side event during the Climate Talks in Bonn (02 – 06 August) on “Solutions for designing & implementing climate risk management & insurance tools for adaptation”.

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**Background:**

UNU-EHS is part of the United Nations University system, a major think-tank of the United Nations. The University comprises UNU headquarters in Tokyo, Japan and a worldwide network of more than a dozen Research and Training Centres. The mission of UNU-EHS is to advance human security through knowledge-based approaches to reducing vulnerability and environmental risks. During the past few years, UNU-EHS has developed into a leading international vulnerability research institute.

*The Munich Climate Insurance Initiative (MCII)* was launched in April 2005 in response to the growing realization that insurance-related solutions can play a role in adaptation to climate change. MCII aims to develop insurance-related solutions to better manage the impacts of climate change; further it conducts and supports pilot projects for the application of insurance-related solutions; and identifies and promotes loss reduction measures for climate-related events. This initiative brings together insurers, experts on climate change and adaptation, NGOs and policy researchers. MCII is hosted at UNU-EHS in Bonn, Germany.

MCII proposes a *climate risk management module* with two pillars (prevention and insurance) as part of a wider adaptation strategy within in the UNFCCC negotiations text. The draft article for a climate risk management module includes two complementary pillars – prevention and insurance. Together these two pillars tackle risk at low, medium and high levels.

The Prevention Pillar puts reduction of human and economic losses as its top priority. The Insurance Pillar has two tiers. The first tier is a Climate Insurance Pool that would absorb a pre-defined proportion of high-level risks of disaster losses in vulnerable non-Annex 1 countries. The second tier, a Climate Insurance Assistance Facility, would provide technical support and other forms of assistance to enable public-private and private insurance systems (e.g. microinsurance) that provide cover for the middle layers of risk in these countries. The module would be paid for by the international community. The payment of the Prevention and the Insurance Pillar will be based on the principles of responsibility and respective capability under whatever formula is agreed on—Parties have suggested alternatives— but the costs would be borne mainly by developed nations. This structure would (1) meet the principles set out by the UNFCCC for financing and disbursing adaptation funds (2) provide assistance to the most vulnerable, and (3) include private market participation.

**Further Information:**

NEW Policy Brief: Solutions for Vulnerable Countries and People, Designing and implementing Disaster Risk Reduction & Insurance for Adaptation. August 2010, <http://www.ehs.unu.edu/article/read/policy-brief>

Previous Policy Brief: "Vulnerable Countries and People", October 2009, <http://www.ehs.unu.edu/file/get/4155>

Further Publications: [www.ehs.unu.edu/article/read/publications](http://www.ehs.unu.edu/article/read/publications)

*MCII side event:* 04 August 2010, 18:00 h -19:30 h Maritim Hotel

"Solutions for designing & implementing climate risk management & insurance tools for adaptation"

*Press Briefing:* 05 August 2010, 11:30 h - 12:00 h Maritim Hotel

<http://www.ehs.unu.edu/>

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