

Access to Insurance Initiative

*Increasing Resilience Against Climate and Disaster Risks:
the Role of the Supervisor*

Teresa Pelanda | 15 April 2020

2nd Inclusive Green Finance (IGF) Working Group Meeting

As **implementation partner of the IAIS**, we strengthen the **capacity and understanding** of supervisors to facilitate the promotion of **inclusive and responsible insurance**, thereby reducing vulnerability.



1 | The Challenges

2 | Climate risk insurance: a piece of the puzzle

3 | Regulating for resilience



Physical risks of climate change

Climate change affects the frequency and severity of natural catastrophes. Increasing temperatures and sea level rise pose great risks.

The Coronavirus is a Preview of Our Climate-Change Future

...In the future, we may have to reckon also with diseases we believed we already defeated, since in addition to bringing about pandemics of the future, global warming will revive plagues of the past....

<https://nymag.com/intelligencer/2020/04/the-coronavirus-is-a-preview-of-our-climate-change-future.html>

'Tip of the iceberg': is our destruction of nature responsible for Covid-19?

As habitat and biodiversity loss increase globally, the coronavirus outbreak may be just the beginning of mass pandemics

<https://www.theguardian.com/environment/2020/mar/18/tip-of-the-iceberg-is-our-destruction-of-nature-responsible-for-covid-19-aoe>

Impact on low-income population

Beyond immediate loss of life and wealth, effects can persist over time.

Recent research reveals that disasters can affect victims for decades.



- Economists, development experts, and world leaders have long warned that climate change is likely to hurt poor countries more than rich ones

Agenda

1 | The Challenges

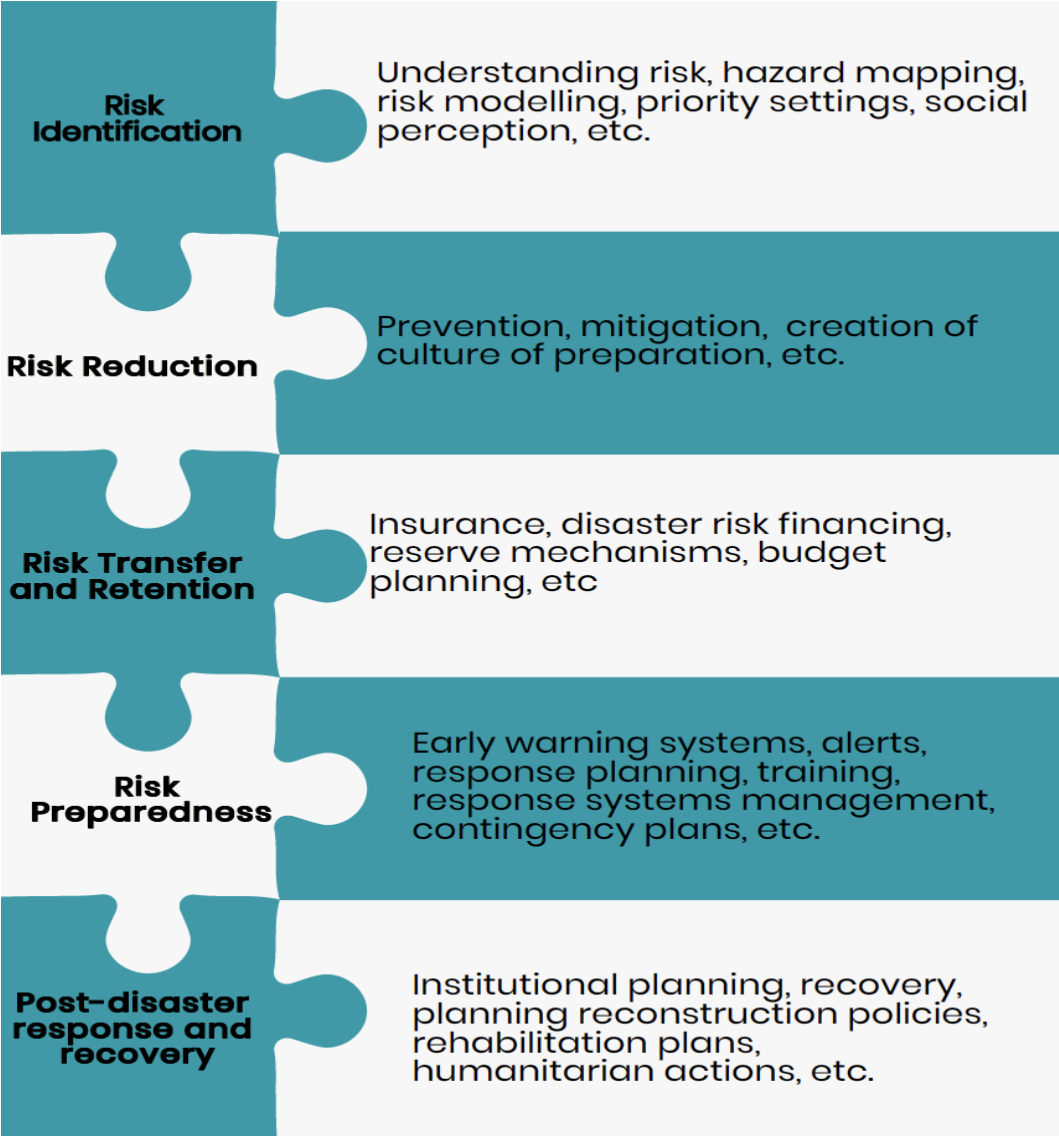
2 | Climate risk insurance: a piece of the puzzle

3 | Regulating for resilience



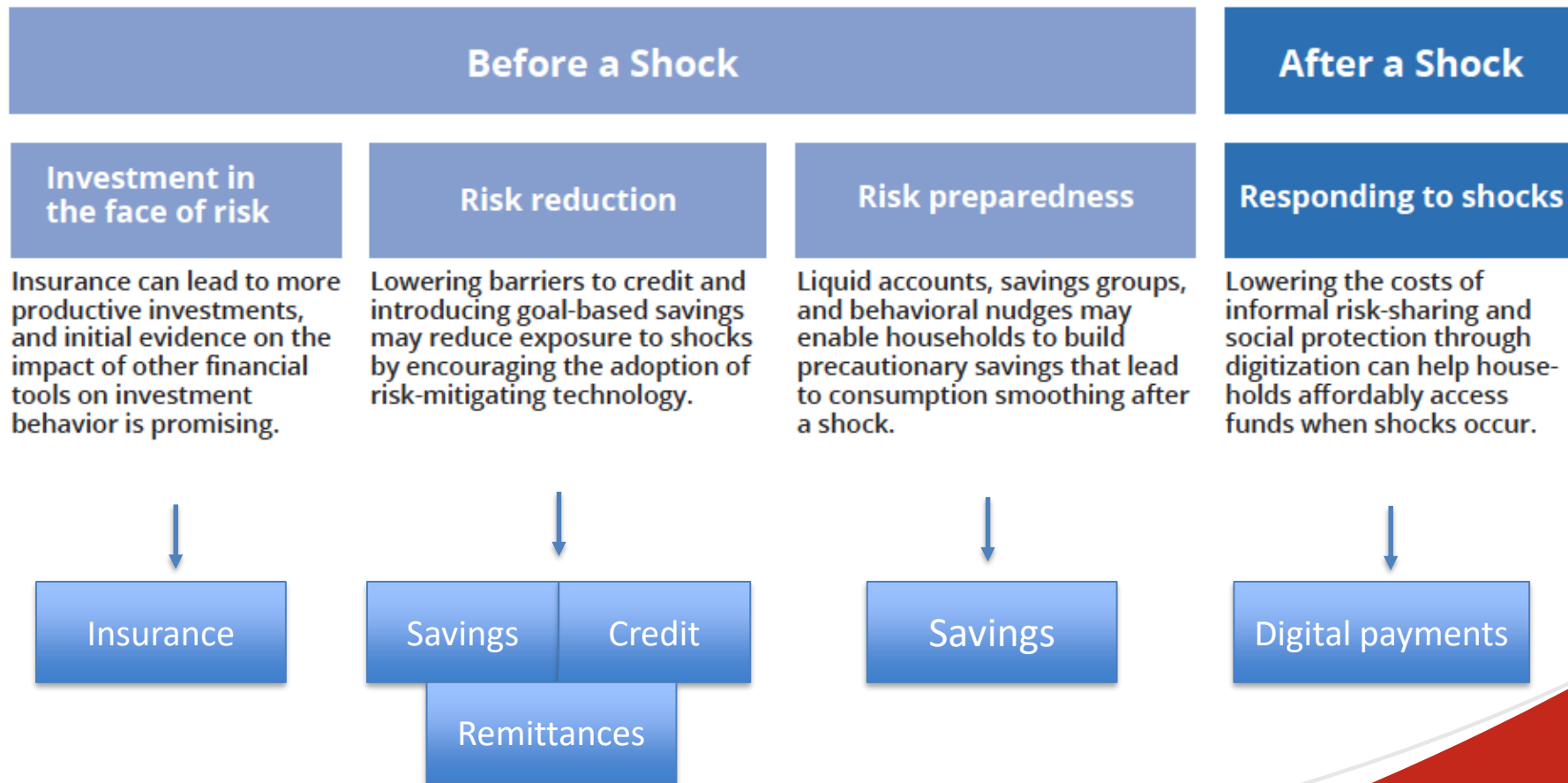
Building resilience

Building resilience through disaster risk management



Insurance is just one piece of the puzzle...

Building resilience through financial inclusion



Definitions of CRI

Climate Risk Insurance (CRI)

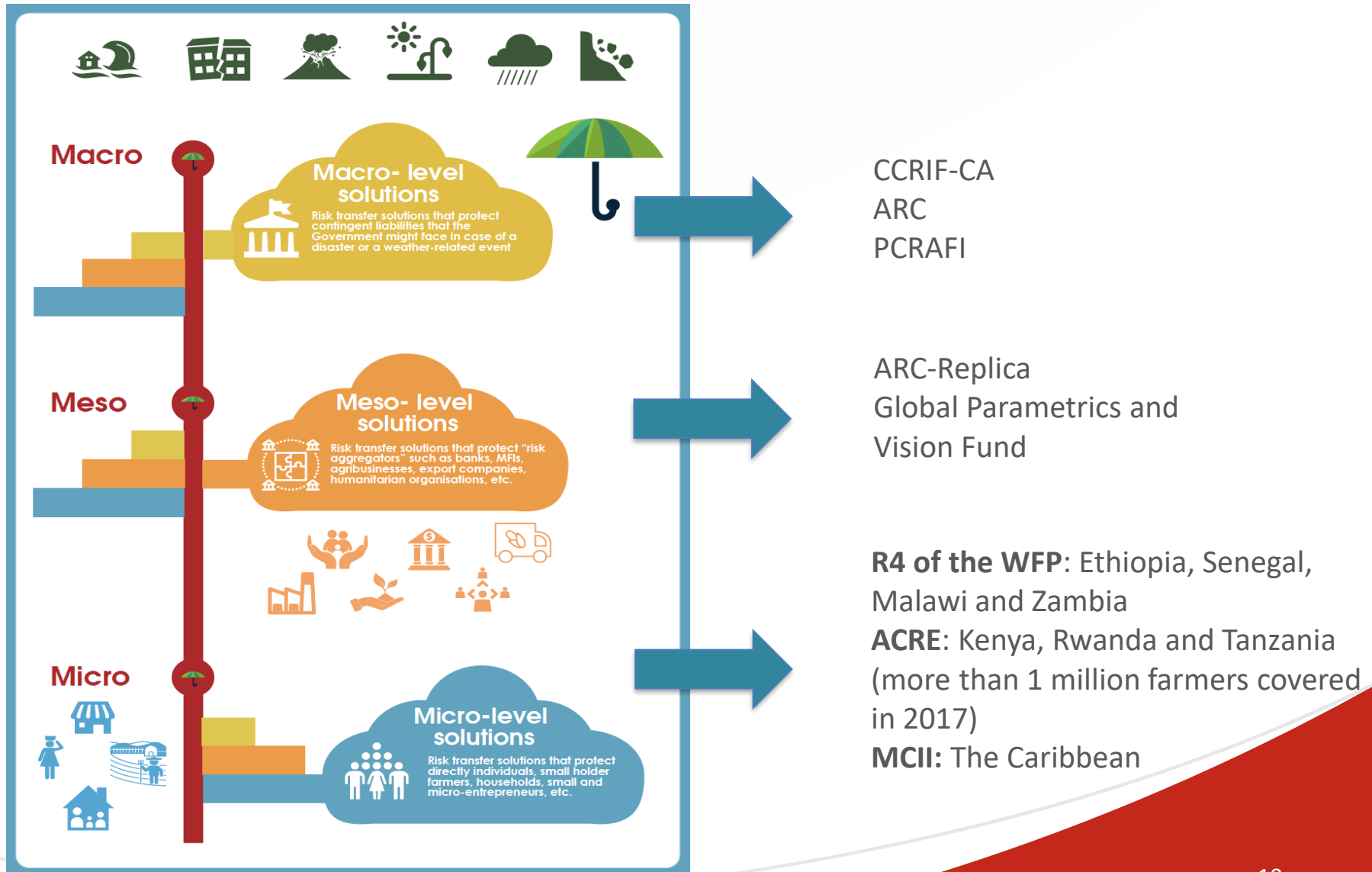
Climate risk insurance is a vital instrument within a comprehensive climate risk management system, spanning a continuum of prevention, risk reduction, risk retention and risk transfer such as insurance schemes.

Source: https://www.giz.de/de/downloads/giz-2016-en-climate_risk.pdf

Natural Disasters Coverage

Insurance for major natural catastrophes such as earthquake, volcano eruptions, wild fires, tsunamis, floods, etc.

Climate risk insurance at various levels



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2 | Climate risk insurance: a piece of the puzzle

3 | **Regulating for resilience**

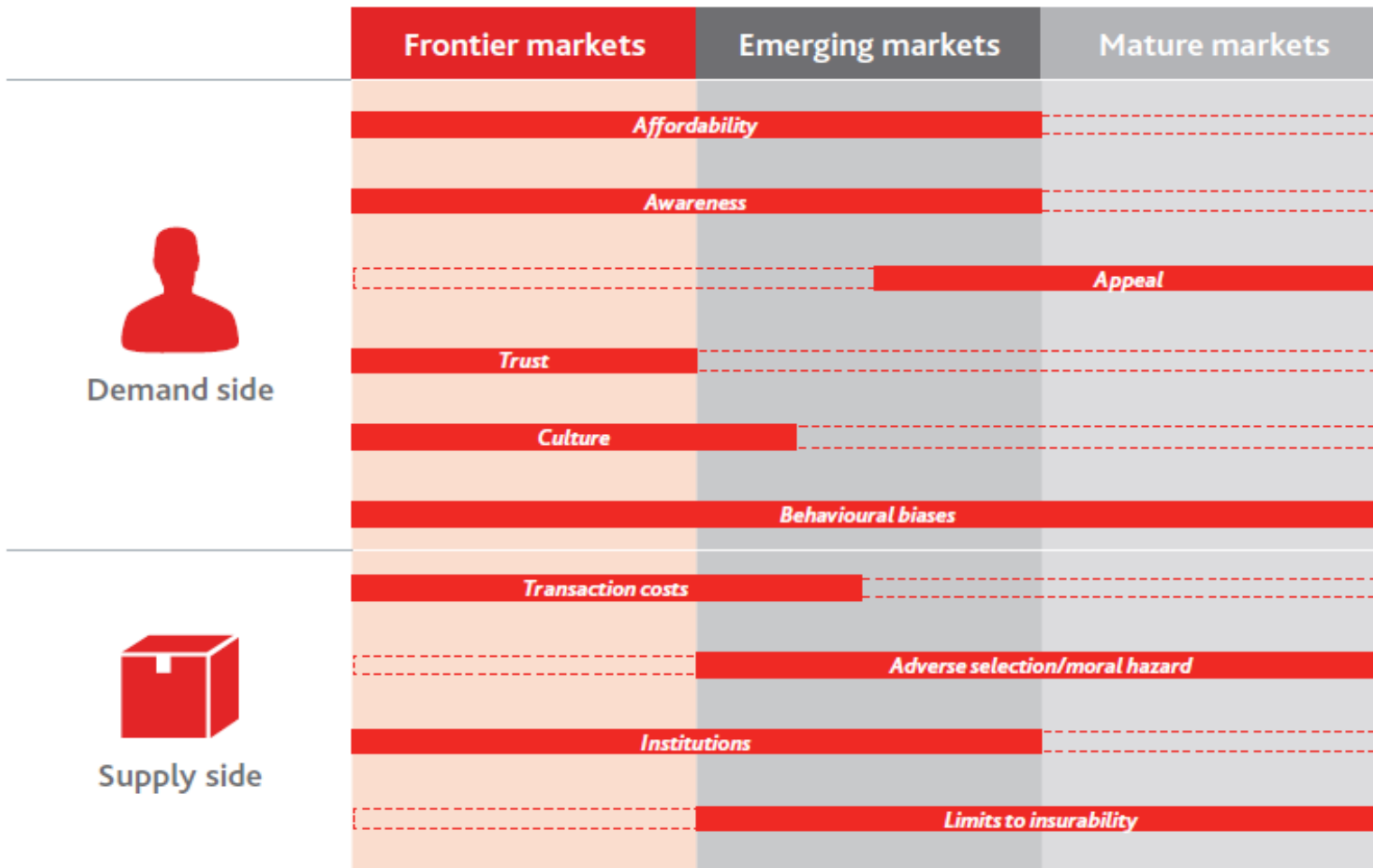
Natural catastrophe protection gap in 2019

Only in North America and Australia half of the losses were insured



Source: Munich Re, NatCatSERVICE, 2019

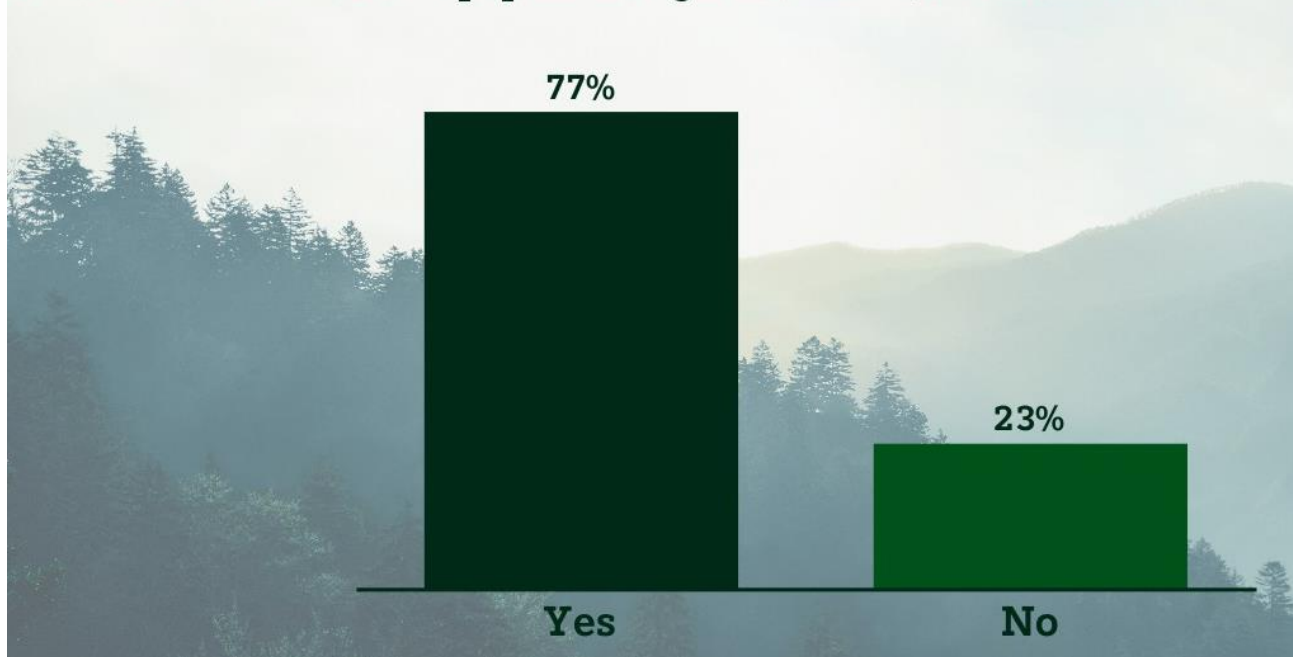
Causes of insurance protection gaps



Source: The Geneva Association (2018): Understanding and Addressing Global Insurance Understanding and Addressing Global Insurance Protection Gaps.

Regulatory barriers to climate risk insurance

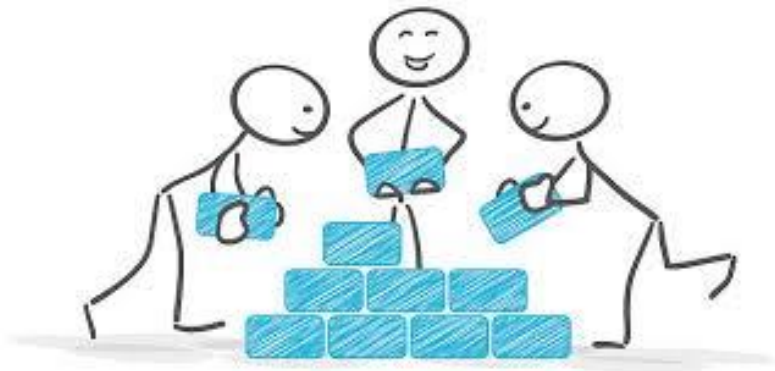
Did you face any regulatory barriers when designing solutions to promote resilience of the unserved population against climate/nat cat events?



Source: Mentimeter Survey among 47 industry representatives, conducted by A2ii.

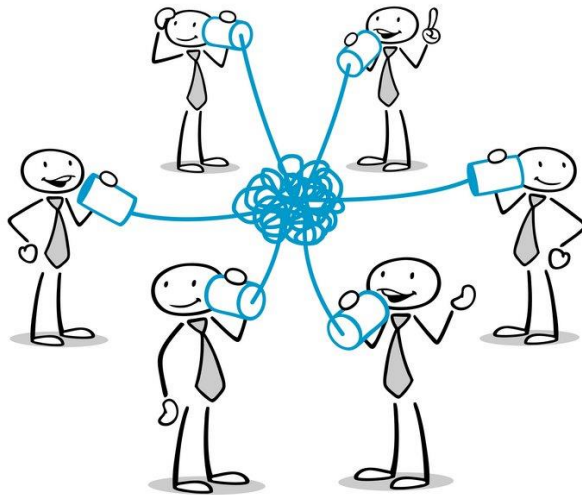
Stimulating the market for CRI

- Stimulate supply by enabling risk carriers within the domestic insurance market
- Give room to test innovations
- Address demand constraints related with awareness, trust, appeal, culture, affordability



Championing CRI

- Catalyse action to strengthen resilience against climate risks
- Act as a bridge and communication catalyst between policymakers, the insurance industry and consumers



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ENGLISH



THE ROLE OF INSURANCE SUPERVISORS IN CLIMATE RISK INSURANCE

MAKING THE VULNERABLE MORE RESILIENT TO NATURAL DISASTERS

Conclusion

- Understanding the risk is crucial
- Insurance has an important role and is a necessary participant in the dialogue to enhance resilience
- Risk mitigation and disaster resilience is collective action by all stakeholders
- Work to improve access to insurance to bridge the gap
- Integrate insurance into broader policy frameworks for disaster risk management

Further reading

- Presentations & Videos from Consultative Forums in 2020:
 - [Bangladesh](#)
 - [South Africa](#)
 - [Panama](#)
- A2ii – IAIS Consultation Call Reports:
 - [Climate risk insurance for the underserved and vulnerable: What is the role of insurance supervisors to foster its responsible development?](#) Jan 2020
 - [Climate Change Risks to the Insurance Sector](#) Nov 2018

Thank you.

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