

Plenary 5

Role of microinsurance facing climate change

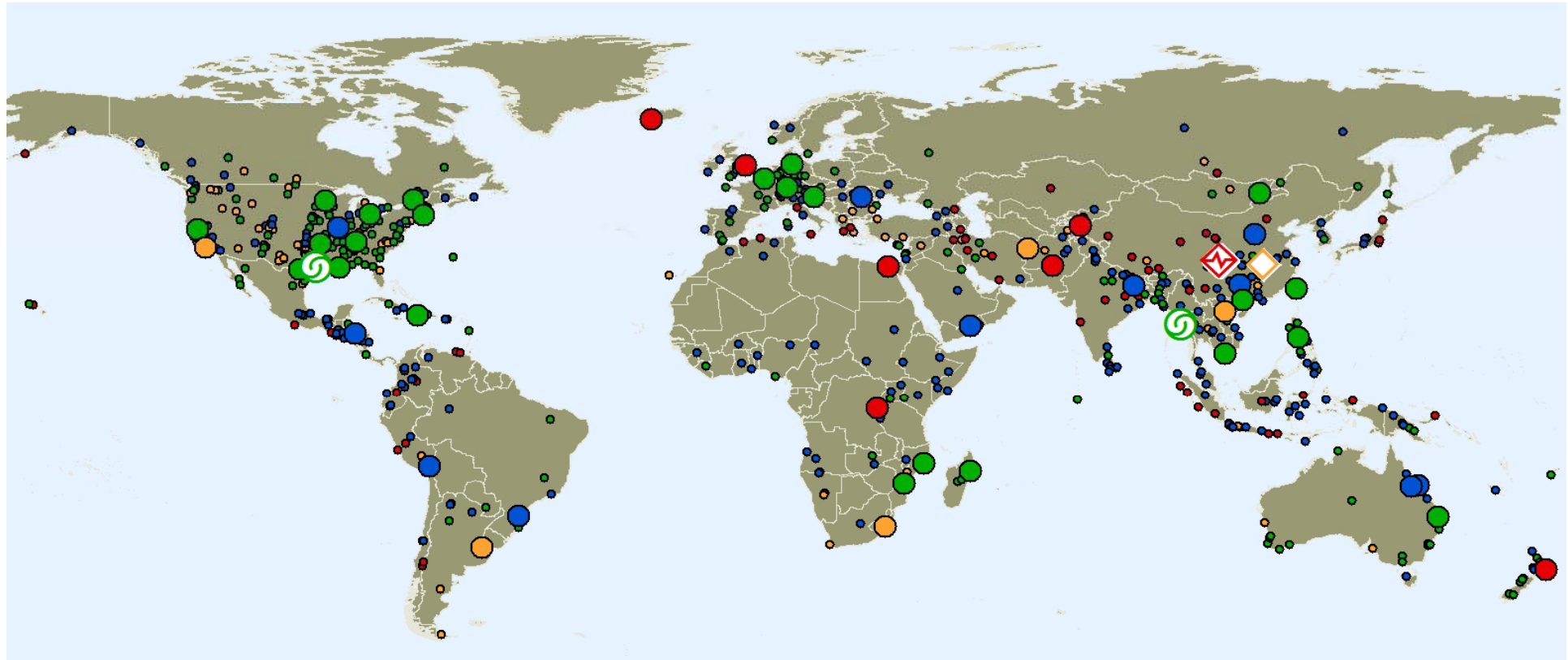
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**Munich Re
Foundation**
From Knowledge
to Action

Weather events and climate change

Natural Catastrophes 2008



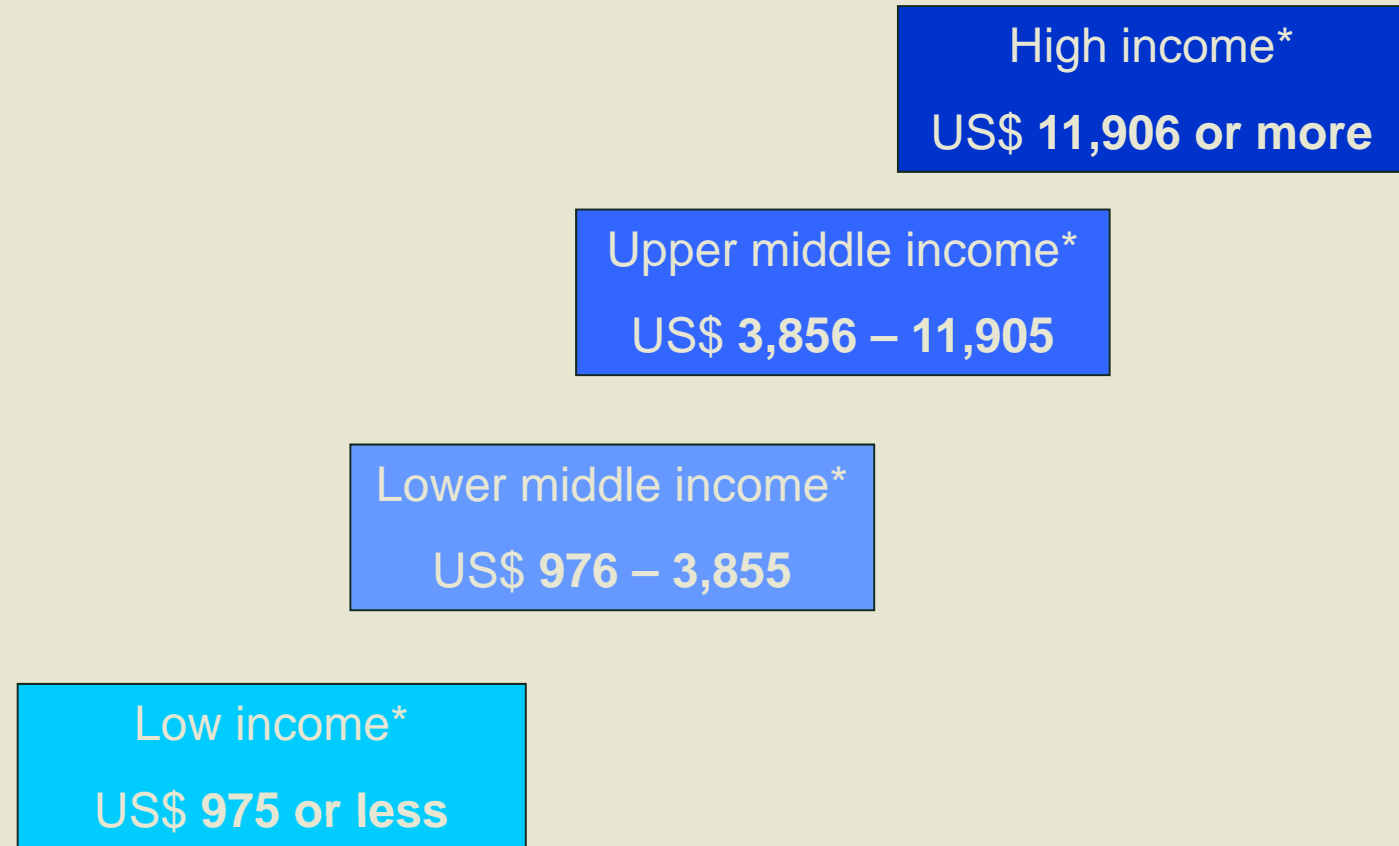
- Earthquake, tsunami, volcanic eruption
- Storm
- Flood
- Extreme temperature (heat wave, forest fires)

Great natural catastrophes:

- ◆ Earthquake China
- Hurricane Ike
Cyclone Nargis
- ◆ Winter damage China

World Bank Income Groups 2009

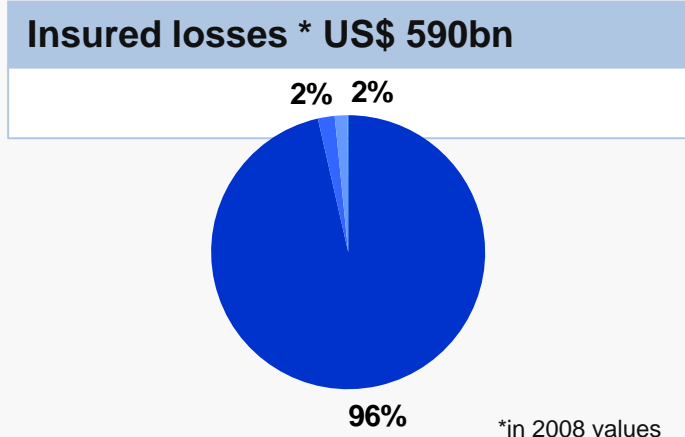
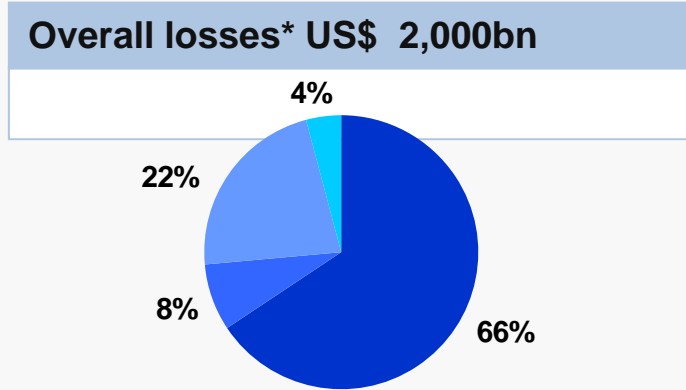
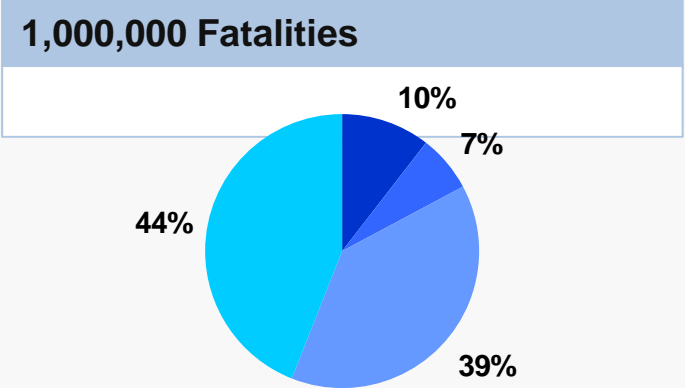
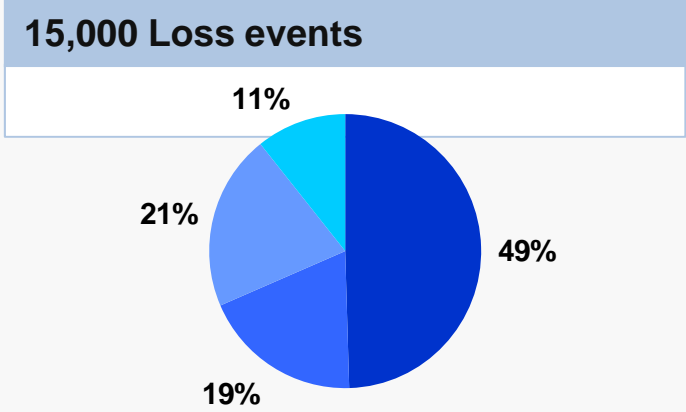
Economies according 2008 GNI per capita per year



Source: <http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20420458~menuPK:64133156~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html>

Global weather catastrophes 1980 – 2008

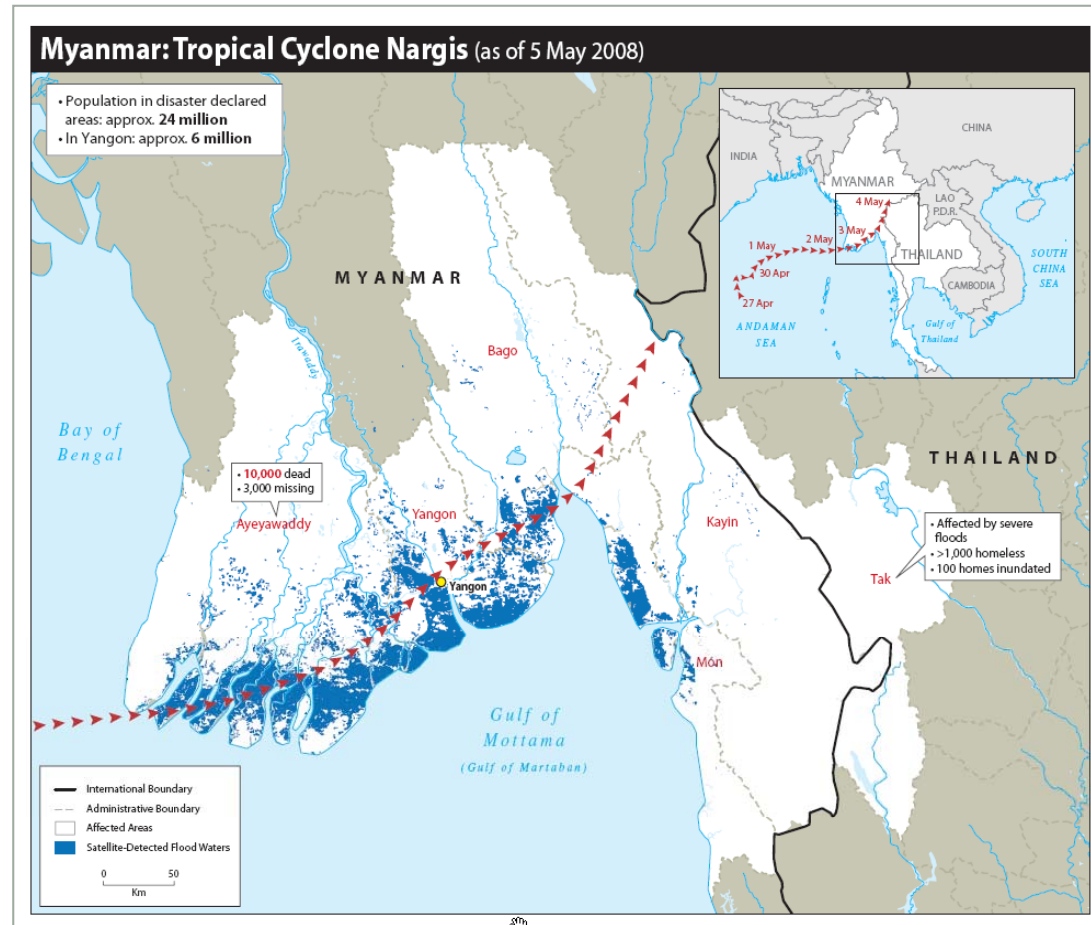
Distribution World Bank Income groups 2009



*in 2008 values

Cyklone Nargis, Myanmar

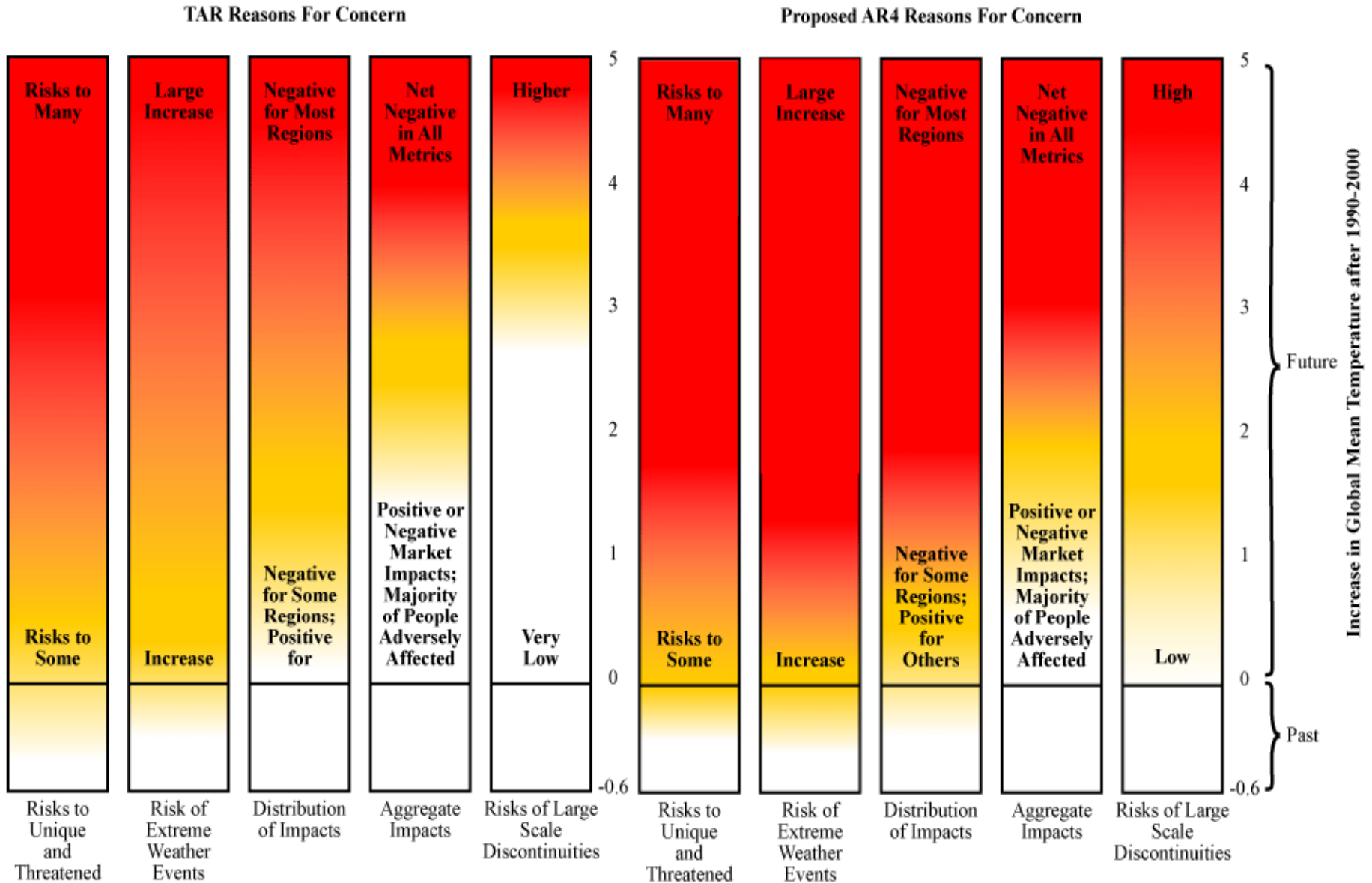
4 May 2008



Quelle/Source: Stern [<http://www.stern.de/politik/ausland/620897.html>]

Climate Change Effects

Assessed threats to development are greater





Microinsurance facing climate change

What are the challenges?

Microinsurance facing climate change

Key challenges

- Weather events often cover large areas and cause a huge number of claims at the same time
- Claims handling is extremely complex (frustration)
- Climate change perception: more extremes, but no chance to cover frequent events
- Not triggered triggers in the index insurance world
- No cross subsidizing over time or space in a world of pilots

Of course, a micro-insured person or family might benefit in a climate change related event

Microinsurance facing climate change

Is there a chance for
microinsurance?

Flood/CC Microinsurance Indonesia Level Measurement at Manggarai Gate



Important Aspect Participation

Low income households express thoughts, specific needs



Microinsurance in the Copenhagen process?



SUBMISSION BY THE MUNICH CLIMATE INSURANCE INITIATIVE (MCI)

Insurance Instruments for Adapting to Climate Risks
A proposal for the Bali Action Plan¹, Version 2.0

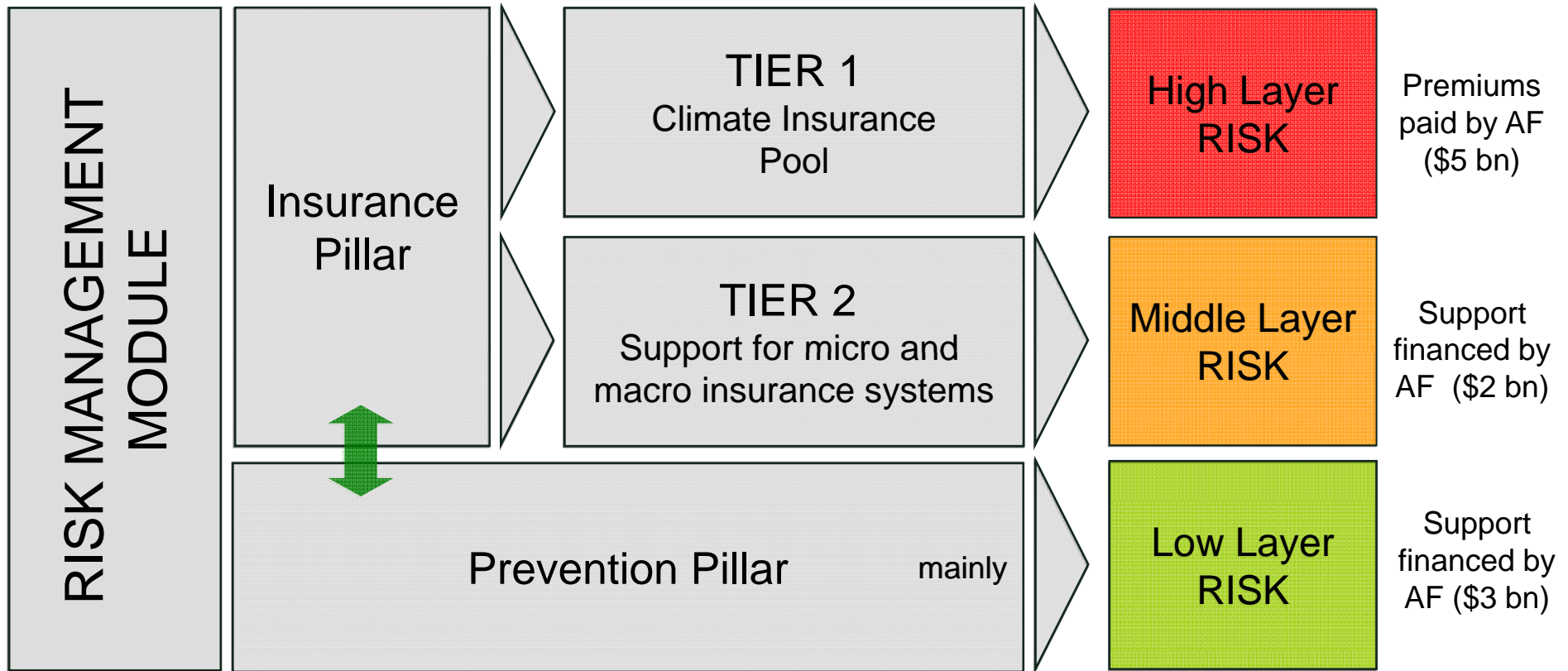
30 September 2008

4th session of the Ad Hoc Working Group on Long-Term Cooperative Action under the Convention (AWG-LCA 3). Poznan 1-13 December, 2008.

Keywords: Risk management, Insurance, climate adaptation, climate change, risk, Bali Action plan, post-2012 adaptation regime, risk reduction and prevention, risk transfer

- meets the principles set out by the UNFCCC
- provides assistance to the most vulnerable
- includes private market participation.

The MCII Proposal



Annual costs:
\$ 10 bn

The MCII Proposal in Action

Exhausting negotiations since 3 years



Microinsurance facing climate change **Summary**

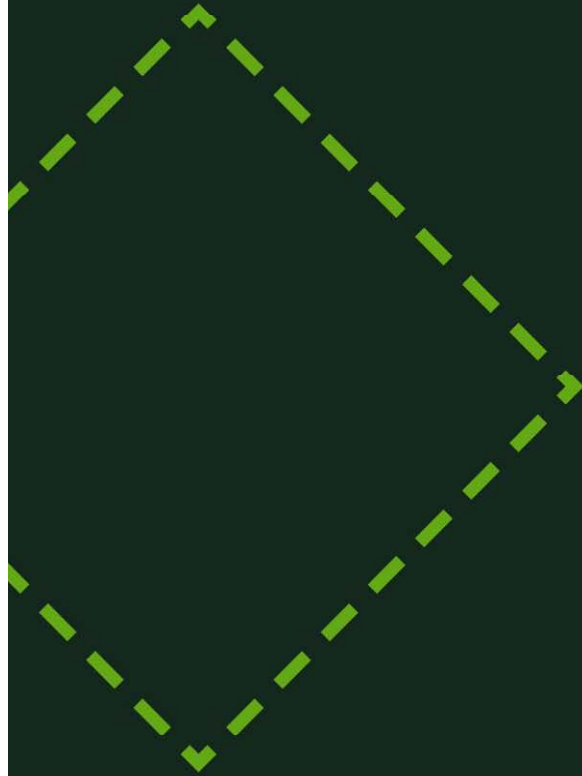
CC and MI is a complex area
with many challenges

There is a chance to create CCMI products

The Copenhagen results are open, but sooner or later
the MI community will receive funds

...little to win but much to loose?

Thank you



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MIC 2009