

12th International Microinsurance Conference 2016

15.11. – 18.11.2016 in Colombo, Sri Lanka

Plenary 2 – InsuResilience: Insuring the poor against climate risks

Key takeaways from Volker Hey's (BMZ) speech:

- The German Ministry for Economic Cooperation and Development has been engaged in agricultural and climate risk insurance for a few years now. We see it as an important and innovative – but not isolated - approach to not only deal with the often devastating consequences of natural disasters – especially for the poor and most vulnerable. Climate risk insurances can also contribute to e.i. social-economic stability, resilience and poverty reduction.
- Building on experiences and successful approaches, we initiated the launch of the G7 climate risk insurance initiative (InsuResilience) last year with the aim of reaching 100 m poor and vulnerable beneficiaries with climate risk insurance until 2020
- At the Paris COP last year, the G7 committed to spend 420 mln USD on a rapid action package that aims to reach 180 million additional beneficiaries (Germany is contributing 150 mln Euro).
- At this year's COP – which is taking place parallel to this conference – now a further commitment has been done. The G7 increased their commitments for expanding climate risk insurance from USD 420 mln to 550 mln. BMZ will contribute 40 mln EUR for the climate risk insurance expansion.
- BMZ itself promotes three main actions for direct insurance implementation: 1) the CIF 2) the GIZ project RIICE (Remote sensing-based information and insurance for crops in emerging economies) and 3) the Global Project InsuResilience – implementation component
 - 1) The **Climate Insurance Fund (CIF)** is one of the initiatives that are promoted under the rapid action package. CIF catalyzes investments in direct climate risk insurance schemes in developing countries. Normunds Mizis will talk about the CIF in more detail.
 - 2) The GIZ project **RIICE** develops technologies for direct climate risk insurance solutions for the rice crop. It is based on satellite technologies in India, Thailand, Cambodia, Vietnam and the Philippines
 - 3) BMZ also launched a **Global Project InsuResilience** – implementation component. This project has two components: the first component provides secretariat functions for the G7 and other InsuResilience partners. The second component supports implementation of direct climate insurance projects. This second component works on several market development projects:
 - In **Paraguay** it combines cat insurance with a conditional social programme for people in rural areas.
 - In **India** the team is exploring how InsuResilience can work with state governments and insurers to make sure the data and framework are right for climate risk insurance to reach the poor.
 - In **Zambia** the team is planning to replicate and scale up weather index-based insurance for cotton contract farmers.

This second component of the Global InsuResilience project strives to help markets reach additional 10 million beneficiaries by 2020.

- Generally we believe that for market development work to be sustainable we should work at three levels:
 - 1) the **enabling framework** level which includes regulation and supervision as well as “public goods”, i.e. knowledge and data as well as new technologies such as remote-sensing. We need to further improve the information basis, the understanding of risks and ways to manage them.
 - 2) the **supply level** by establishing new or qualifying existing service providers like industry associations. Here, close cooperation with the private sector is a key success factor for sustainable direct insurance schemes. InsuResilience will reduce market barriers for private sector engagement.
 - 3) **demand level** by developing new products, distribution channels and/or strengthening consumer protection
- These three levels are not only key for a sustainable insurance market but in the end can help to generate trust of consumers in insurance solutions.

With this approach and cooperation between the public and the private sector we believe our ambitious goal of reaching additional 100 million poor and vulnerable beneficiaries until 2020 is reachable.