Insurance Instruments for Adapting to Climate Risks: Moving towards Copenhagen

Barcelona Climate Talks
2 November 2009
MCII’s proposal

Climate Risk Management

Climate Insurance Pool

Climate Insurance Assistance Facility

Rough estimated annual costs:
$10 bn

- Premiums paid by AF ($5 bn)
- Support financed by AF ($2 bn)
- Support financed by AF ($3 bn)
Questions

1. How can disaster risk reduction and insurance help vulnerable countries and people?

2. What is essential in the negotiation text, with respect to disaster risk reduction & insurance?

3. What are the options for operationalizing risk reduction and insurance tools post-Copenhagen

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1. Establish a risk management framework and request the COP to elaborate its operationalization in the context of two pillars:
   - Disaster Risk reduction Pillar
   - Insurance Pillar:
     - Tier 1: *Climate Insurance Pool*
     - Tier 2: *Climate Insurance Assistance Facility*

2. Include, under the financial provisions of the CAO, provisions for a fund or funding window for the two pillars - prevention and insurance
   - Disaster risk reduction pillar and insurance pillar work hand-in-hand to facilitate vulnerability reduction and adaptation

3. Request COP to identify suitable operating entity and detail the operation of the two pillars between 2009 and 2012
And what happens after Copenhagen?

Scenarios

1. **Strong Copenhagen Agreement with disaster risk reduction and insurance mechanism**
   - Move from „architecture“ to more detailed implementation plan

2. **Weak Copenhagen Agreement with mention of need for disaster risk reduction and insurance**
   - Utilize opportunities in Mexico and up to 2012 to move to mechanisms

3. **Complementary measures: What we need to do anyway**
   - Bring disaster risk reduction and insurance (micro, meso, macro) to developing countries, expand awareness and coverage
MCII will report back to the UNFCCC in Copenhagen in 2009.

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