

Climate Insurance Working Group

Meeting Notes

Presentation and Discussion: Building Blocks of Risk Transfer

Risk Transfer Fundamentals

- What is insurance? What is it not?
- Why does it work?
 - Pooling and diversification
- Why is disaster insurance important?
 - A focus on households
- Market players and their roles
- The challenges of insuring disasters
 - Correlated and concentrated losses
- Government interventions in disaster insurance markets
 - Public programs
 - Wind pools
 - NFIP

Climate Risk Financing and Insurance Approaches

1. Overview of the Insurance Value Chain (Reference: Insurance for Climate Adaptation)
2. Discussion of a climate risk financing framework (Reference: Insurance for Climate Adaptation)
 - a. The role of Risk identification, prevention, reduction, preparedness, and actual risk transfer. Where does risk transfer play a role?
3. Different types of insurance – indemnity v parametric (Reference: GFOA paper: https://www.gfoa.org/sites/default/files/GFOA_ParametricInsurance_Feb2020.pdf)
4. Case Studies
 - a. KLIP (Reference: http://www.iii.org/insuranceindustryblog/wp-content/uploads/2017/02/klip_infographic.jpg)
 - b. CCRIF (Reference: http://www.oas.org/dsd/Energy/Meeting/Documentos/Ekhosuehi_Iyehen_2010_0521.pdf)
 - c. Application for other needs:
 - Evacuation cover
 - Tax revenue impact
 - Health impact