

The Munich Climate Insurance Initiative (MCII) acknowledges the priorities for action outlined by the Hyogo Framework of Action (HFA) to date, which take into consideration risk transfer approaches. Also acknowledging that work of the HFA is included in the UNFCCC climate negotiation process such as the Cancun Adaptation Framework as well as the Doha Climate Gateway Decision, particularly the decision on Loss & Damage, MCII notes the following reflections on the relationship between DRR and risk transfer.

Reflections on the role of insurance in addressing climate-disaster risk:

Climate-related disasters negatively affect human and natural systems. The impacts are not evenly distributed across the world because of differing exposures, vulnerabilities and coping capabilities. Because the risks often fall more heavily on those least able to reduce or recover from them, there is a need for assistance for the most vulnerable people and countries.

Insurance-related approaches are designed for managing losses and damages caused by events which cannot be foreseen where and when they occur. Risk assessment as required by insurance approaches can help identify climate stressors and thresholds. Insurance can help manage loss and damage from weather extremes in ways that bolster rather than diminish efforts to achieve climate resilient development. Prudently employing a combination of insurance-related approaches/solutions with risk reduction measures, such as early warning, education, infrastructure strengthening and maintenance and livelihood strengthening, creates a space of reduced societal disruption when extreme weather events happen. Approaches that manage unexpected extremes can create a buffer for developing countries (i.e. by providing financial liquidity through fast payouts immediately after a loss event), and help the international community better plan issues like financial needs (for adaptation and managing loss and damage).

The UN/ISDR Global Platform and the Hyogo Framework of Action has a unique role to play in facilitating short-and long-term strategies to address loss and damage through disaster risk reduction (DRR) and risk transfer. In the post-HFA dialogue, decision makers should consider the following recommendations:

1. **Assess disaster risk.** Regional risk management platforms can provide guidelines for assessing disaster risk. Technical assistance may involve pooling technical expertise and collaborative networks including the public and private sectors as well as civil society worldwide, coordinating data repositories and encouraging coherence across information frameworks (such as adequate standards for data gathering, open source data and remote sensing, and other information needed to assess risk exposures) that is sensitive to vulnerable groups and people.
2. **Facilitate regional and international dialogue to advance policy coherence and regulations** on DRR as well as insurance-related measures that address loss and damage at the local, national and regional levels. Such dialogue should improve conditions for regulators and decision makers in developing countries to develop appropriate local, national and regional financial risk management approaches, including insurance. Policy coherence should enhance consumer protection, links to resilience building and risk reduction, and links to adaptation and national development planning processes.

3. Operationalize regional risk management platforms to address loss and damage, including regional risk insurance pools, which in the longer term could become part of a future global system for managing weather extremes. This operationalization would include appropriate financial and other support. These regional platforms can provide technical assistance to facilitate appropriate combinations of DRR and insurance measures with other tools to address the impacts of extreme weather events.
4. Enable systematic capacity development for risk management tools and expertise within governments and civil society, particularly through the use of country or sectoral risk officers. Capacity development could include participatory design processes so that approaches to address disaster risk, including insurance, complement and strengthen social safety networks and other resilience-building measures.

The challenges of today and tomorrow can only be solved in partnerships. In order to enable sustainable solutions and partnerships, the ISDR could facilitate long-term commitment to partner with the insurance sector for risk transfer in combination with DRR and other solutions with distinct roles for all actors involved: Affected communities, public entities, the private sector and civil society.