Disaster Risk Reduction - Dialogue

Views and expectations from the stakeholders – (Re-)Insurance World

29–30 October 2009
European Commission, Brussels

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Munich Re Foundation
From Knowledge to Action

Munich Re Foundation
Our Mozambique Flood Warning Project

Modules

Contents

– Basics

– Investments
(3 examples)

– Needs

Basics

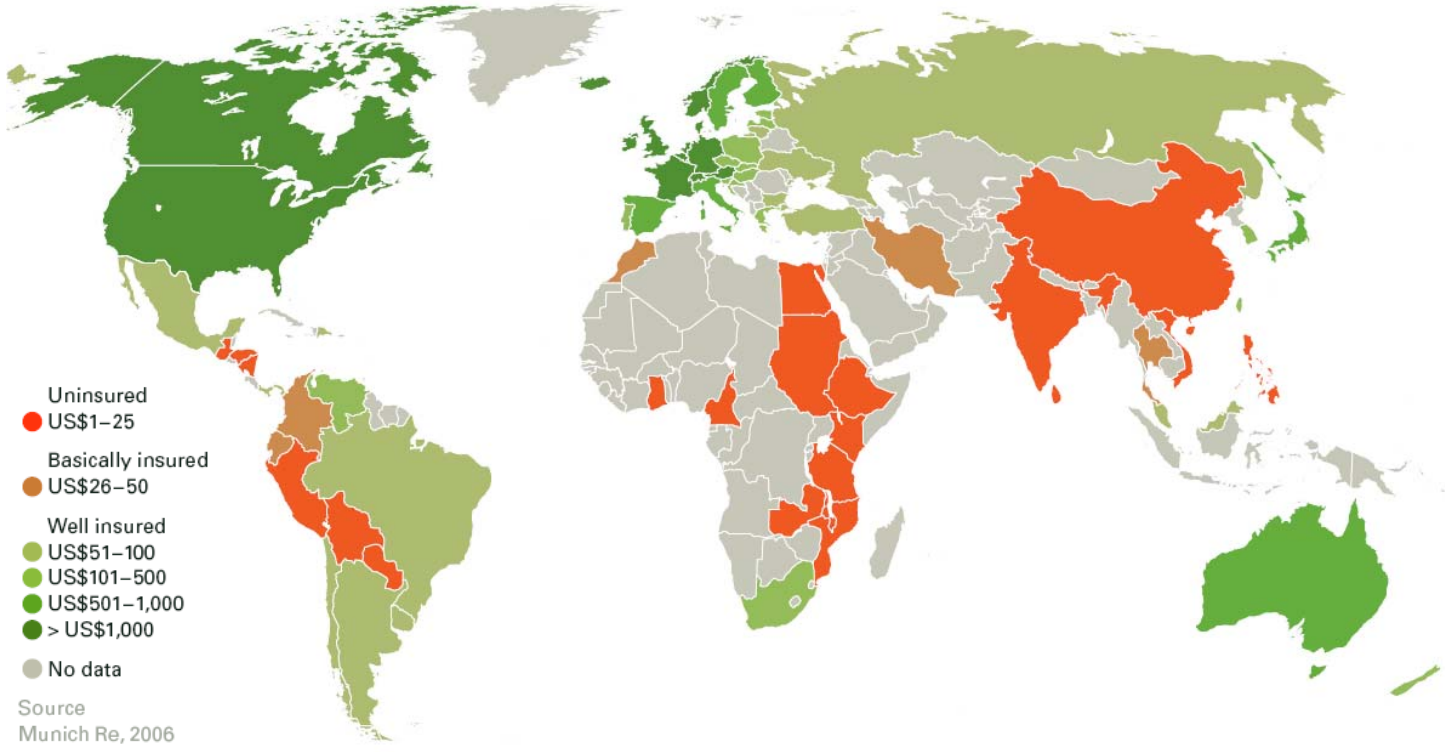
Hurricane Katrina Losses
August 2005

Losses
US$ 125,000,000,000 covered US$ 65,000,000,000
1,280 dead in New Orleans

Earthquake Sichuan, China
12 May 2008

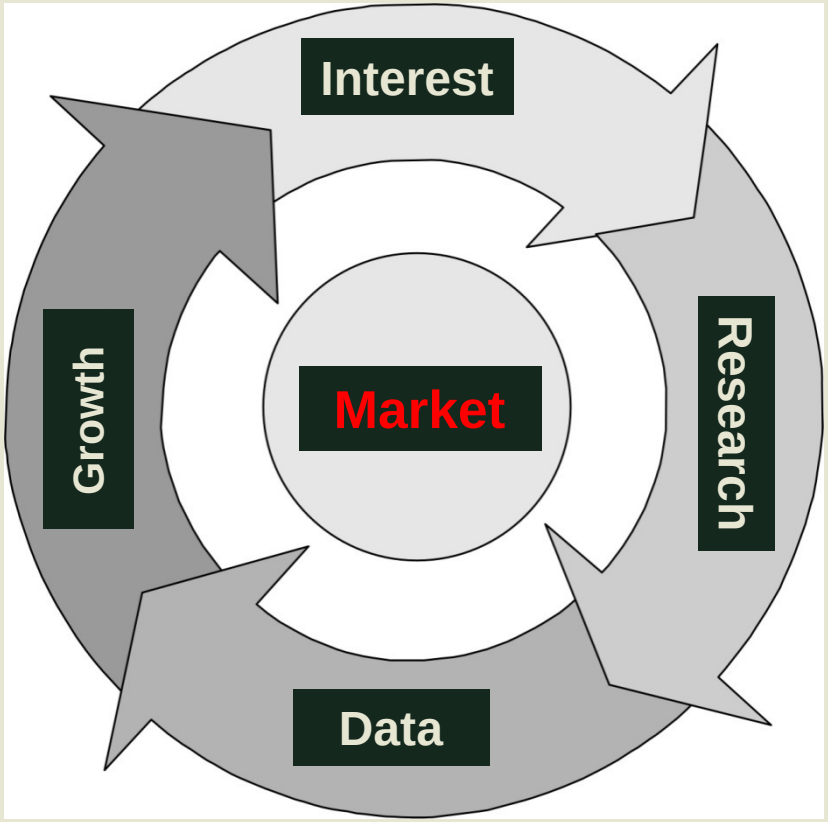
Losses
US$ 85,000,000,000 covered US$ 300,000,000
70,000 dead

Property insurance premiums
(non-life including health) per person and per year



Insurance Markets
Research, Tools and Data

"Market" or "No Market"



Natural Disasters
Disaster Risk Reduction is important

- Natural Disasters strongly affect the insurance industry
  Climate change is aggravating the risk situation
- Disaster Risk Reduction has a high priority
- The issue is complex and the stakeholder expectations are immense (clients, stock markets etc.)

Disaster Risk Reduction

Three examples

High Quality Research
Three Examples

- The Globe of Natural Hazards
- The Global Earthquake Model (GEM)
- The Munich Climate Insurance Initiative (MCII)

All examples are public domain
and serve Disaster Risk Reduction

DVD – Globus der Naturgefahren / Globe of Natural Hazards

What is new?

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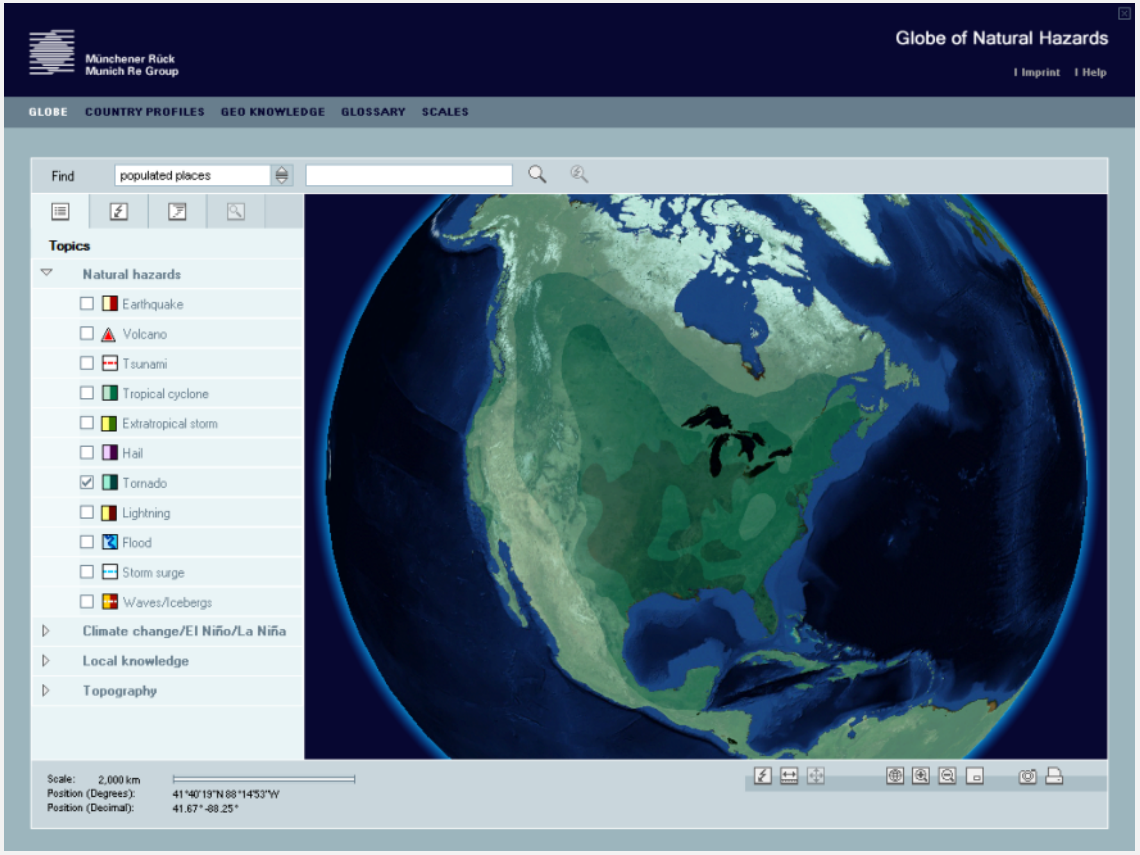
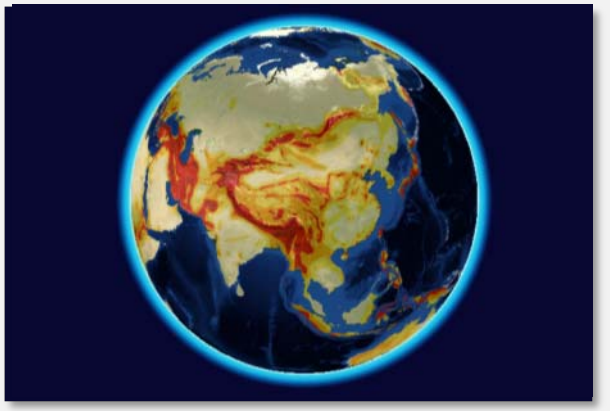
Knowledge in a state of flux

All global hazard maps have been updated

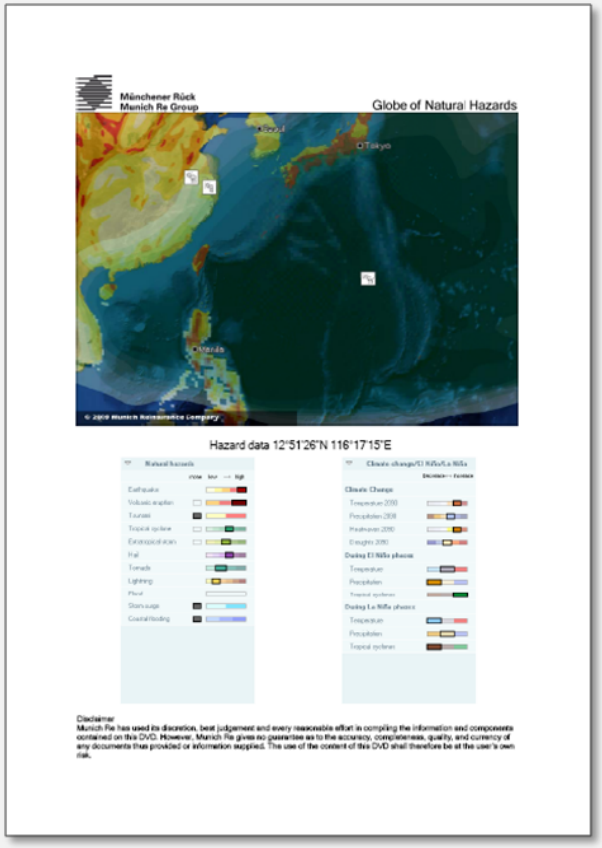




What is new?

Hazard pointer

Power function supplies quick information on situation regarding natural hazards and climate change for any location on earth



Target groups in dialogue

Risk communication creates risk transparency

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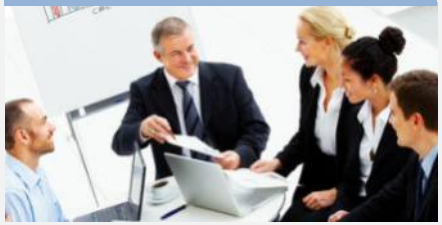
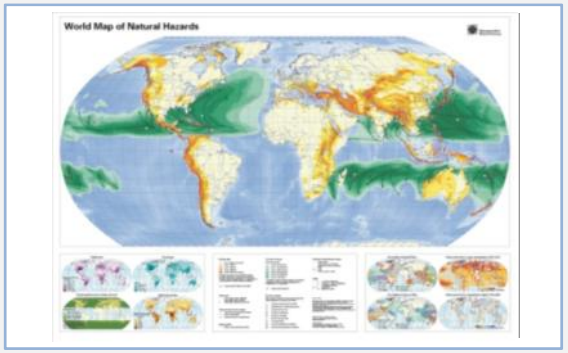
Clients

Staff

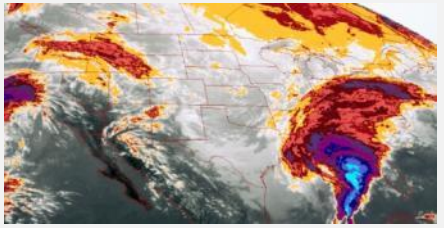


Analysts, investors



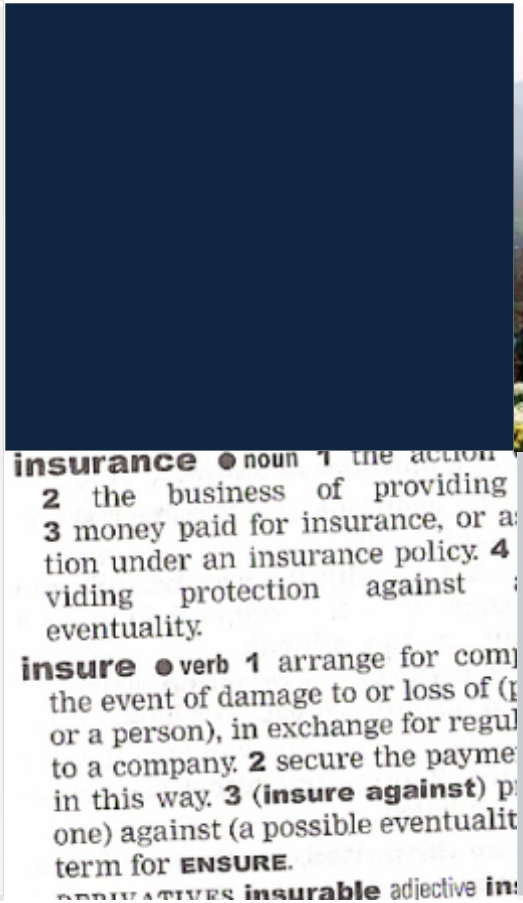
General public

Science



Political committees

Global Earthquake Model



GEM
GLOBAL EARTHQUAKE MODEL

Rui Pinho
Secretary General, GEM Foundation

GOALS

The common goal is the reduction of earthquake risk worldwide, by converting knowledge into action..

- Assess and monitor risk globally, especially in less well served regions, and following a uniform approach
- Raise risk awareness
- Stimulate risk mitigation
- Save lives, reduce losses and distribute the financial burden better

MAIN FEATURES

An internationally sanctioned program initiated by the OECD, aiming to build an independent, open standard to calculate and communicate earthquake risk around the world

- Dynamic: an (updatable) model, not a map
- Global: cover also less developed/monitored areas (uniform standards)
- Open Access: a (transparent) tool to use for everybody
- Public-Private Partnership: combining the strengths (and objectives) of both sectors

PUBLIC FOUNDERS

 GERMANY	GFZ Helmholtz Centre Potsdam
 ITALY	Department of civil protection
 SINGAPORE	Nanyang Technoligical University
 SWITZERLAND	Swiss Federal Institute of Technology Zurich
 TURKEY	Bogazici University
 BELGIUM	Belgium Science Policy

PRIVATE FOUNDERS

Münchener Rück Munich Re Group	5 Mill. €
ZURICH Zurich Financial Services	3 Mill. €
AIR WORLDWIDE	1 Mill. €
Willis	1 Mill. €
EUCENTRE European Centre for Training and Research in Earthquake Engineering	1.6 Mill. €

MCII Submission to UNFCCC

MCII

SUBMISSION BY THE MUNICH CLIMATE INSURANCE INITIATIVE (MCII)

Insurance Instruments for Adapting to Climate Risks
A proposal for the Bali Action Plan[1], 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 managment, Insurance, climate adaptation, climate change, risk, Bali Action plan, post-2012 adaptation regime, risk reduction and prevention, risk transfer

Insurance and Adaptation in the Copenhagen Agreed Outcome

Munich Climate Insurance Initiative

1. **Risk management: A toolkit for assessing and managing climate change**

2. **Insurance instruments, together with risk reduction, facilitate adaptation**

3. **Insurance mechanisms can incentivize risk management, reduce longer-term indirect losses, and build resilience vis-a-vis weather-related risks**

The MCII Proposal

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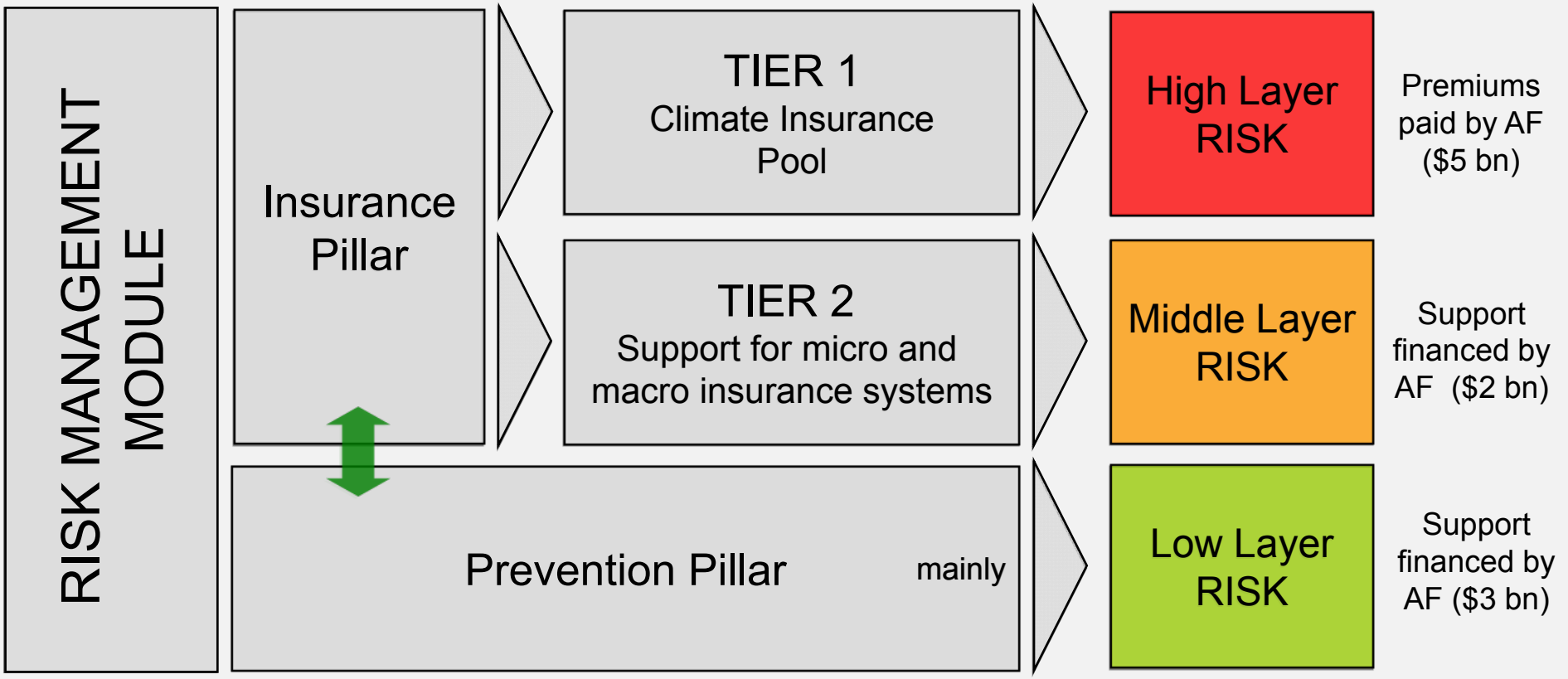

The two-tiered insurance pillar

- Meets the principles set out by the UNFCCC
- Provides assistance to the most vulnerable, and
- Includes private market participation.

Rough estimated annual costs: $ 10 bn

Needs

Re(Insurance) Needs

- Give disaster risk reduction a face and a home
  catchwords: CSR, success stories, efficiency

- Be a strong PPP partner
  catchwords: added value, coaching, longer-term engagement

Conclusions

– The global urging issues can only be solved in strong partnerships

– Make use of existing knowledge

– Offer tangible added value

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THANK YOU

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