

# Pacific Island Climate Change Insurance Facility



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# Recent Climate Change Disasters

- Cyclone Pam 2015 damage bill :
  - Vanuatu USD 449.4 million.
  - Tuvalu was USD11 million
- Cyclone Winston 2016
  - Fiji USD 470 million.
- Cyclone Zena
  - Fiji: Total cost unknown
- Drought 2016
  - Cost Marshall Islands: Total cost unknown

# Humanitarian Assistance to Fiji post Winston

- **Australia's Humanitarian Assistance to Fiji, \$35 Million** plus ADF Personnel and assets deployed <sup>(1)</sup>
- **ABC partnered with Australian Red Cross** raised more than **\$1.4 million** for relief activities. <sup>(2)</sup>
- **Westpac** has announced today it will commit **AUD\$100,000** (FJD\$153,589) to the Fiji Red Cross <sup>(3)</sup>
- **UNOCHA:** The humanitarian community is appealing for **US\$38.6 million** to reach 350,000 people with lifesaving assistance and protection. <sup>(4)</sup>
- **European Commission: Euro 1million** <sup>(5)</sup>
- **RedR** sends experts to Fiji after Cyclone Winston <sup>(6)</sup>
- **Soap Aid:** Five tonnes of donated soap <sup>(7)</sup>

1. <http://dfat.gov.au/news/news/Pages/tropical-cyclone-winston.aspx>

2. <http://www.abc.net.au/appeals/content/4411390.htm>

3. <https://www.westpac.com.au/about-westpac/media/media-releases/2016/23-february>

4. <http://reliefweb.int/report/fiji/fiji-flash-appeal-tropical-cyclone-winston-february-may-2016>

5. [http://ec.europa.eu/echo/news/european-commission-releases-1-million-humanitarian-aid-support-victims-cyclone-winston-fiji\\_en](http://ec.europa.eu/echo/news/european-commission-releases-1-million-humanitarian-aid-support-victims-cyclone-winston-fiji_en)

6. <http://www.redr.org.au/news/latest-news/redr-sends-experts-to-fiji-after-cyclone-winston#.V5VZ23pzl0g>

7. <http://www.soapaid.org/soap-en-route-to-fiji-cyclone-victims/>

Disaster relief aid, while welcome, is often:

- Ad hoc
- Not always timely
- Insufficient
- May not be fulfilled despite promises

# Pacific Pilot Disaster and Catastrophe Initiatives:

- **Pacific Catastrophe Risk Insurance Pilot in 2013:**
  - Pilot countries: the Cook Islands, Marshall Islands, Samoa, Tonga, and Vanuatu.
  - **UNESCO Apia** : Inter-regional dialogue on Loss and Damage March 2015.
- **UN Secretary Generals' Concept: A2R: Anticipate, Absorb, Reshape:**
  - (Proposal for extension of Caribbean Catastrophe Risk Insurance Facility to the Pacific )
- **Global Framework for Climate Services in the Pacific**
  - Canadian funded to enhance capability to produce and disseminate better weather, climate, water and related environmental information)

# Other International Examples:

- Caribbean Catastrophe Risk Insurance Facility
- Access to Insurance Initiative (A2ii), the
- Regulatory Framework Promotion of Pro-poor Insurance Markets in Asia,
- ILO Impact Insurance Facility,
- IFC Global Index Insurance Facility (GIIF),
- African Risk Capacity (ARC)

# Pacific Island Climate Change Insurance Facility

- Paris Agreement calls for “cooperation and facilitation on risk insurance facilities, climate risk pooling and other insurance solutions”. (Art 8.4(f)).
- Need a Facility to address Climate Change impacts,
- Not “natural disasters” under Sendai DRR

# Proposed Initial Phase:

- **Level 1**
- **Parametric Weather Index for Initial Payout**
  - **Cyclone:** Wind speed, storm surge height
  - **Drought:** Number of days since rain
  - **Floods:** Amount of rain per period of time
  - **Coral Bleaching:** Number of days with water temperature above certain level
  -
- **Level 2**
- **Assessed Damage:**
  - Pay out due to assessed damage



# Other Possible Insurance Arrangements:

- Health Insurance for climate change related diseases
- Fish stock losses

# Proposed Second Phase: Long term and permanent damage

- Sea level rise
- Ocean acidification
- Population displacement

# Institutional Arrangement:

- **Specialised Agency of the Pacific Island Forum**
  - (African Risk Capacity - a Specialised Agency of the African Union), or
- **Stand-alone entity:**
  - Overseen by an annual meeting of Pacific Island Ministers.
- **PICCI Facility Insurance Roundtable:** insurers, re-insurers, climate change adaptation experts, governments, NGOs, and insurance policy researchers.
  - Link to Munich Climate Insurance Initiative (MCII) hosted by the UN University Institute for Environment and Human Security (UNU-EHS).

# Clearinghouse for Climate Change

## Insurance Options:

- A clearinghouse for sub-regional insurance arrangements:
  - Examples and options for various sectors: tourist industry, agriculture, fisheries etc.

# Sources of Finance to Support PICCI Facility

- Donor Community
- International Financial Institutions
- Contribution from member countries
- Green Climate Fund and Special Climate Change Fund
- Levy on Global Fossil Fuel Industry:
  - Dialogue with major State polluters and private companies that could contribute.

# Key Barriers:

- The UNEP FI Principles for Sustainable Insurance Initiative found that access to insurance key barriers:
  - low levels of financial literacy and engagement with financial services,
  - lack of needed risk data,
  - perceived cost-ineffectiveness of products,
  - other regulatory barriers

# Next Step

- **PICCI Facility Policy Forum**
  - Bring together all the necessary stakeholders in establishing the PICCI Facility.
  - This should happen as soon as possible.
  
- UNDP has indicated it will support a regional workshop to develop the concept

- Thank you