

Submission by Swiss Re to the invitation of the Standing Committee on Finance (SCF) for inputs related to its 2016 forum on “financial instruments that address the risks of loss and damage associated with the adverse effects of climate change”

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Swiss Re Group is a leading wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Dealing direct and working through brokers, its global client base consists of insurance companies, mid-to-large-sized corporations and public sector clients¹.

Swiss Re is pleased to provide the following inputs and suggestions with respect to the SCF 2016 forum:

Scope and purpose of the forum

In the light of the Paris Agreement Article 8, paragraph 4e, and the accompanying COP decision 1/CP.21, paragraph 48, requesting the Executive Committee of the International Warsaw Mechanism on Loss and Damage to establish a **clearing house** for risk transfer that serves as a repository for information on insurance and risk transfer, in order to facilitate the efforts [of Parties] to develop and implement **comprehensive risk management strategies**”, we suggest the SCF to consider holding

a workshop/session on the role of insurance and risk transfer and related instruments/tools with a special emphasis on how to promote fit-for-purpose solutions across vulnerable regions and communities, building on existing products and arrangements. As a starting point, reference shall be made to disaster risk reduction (DRR) and in particular the Sendai Framework, not least to clarify limits of insurability and help distinguish between irreversible and permanent loss and repairable damage.

A particular focus should be on the [G7 InsuResilience](#)² initiative, as it could well serve as the aforementioned **clearing house** both in terms of making available relevant information through the [InsuResilience secretariat](#) as well as by providing assistance to vulnerable countries willing to set up insurance solutions and to those in a position to support them through an [InsuResilience technical facility yet to be considered to be established](#).

Possible outcomes of the workshop/session could be

- Insurability: Gain better understanding of the role, merits and limitations of insurance instruments/tools;
- Proven solutions: Share and disseminate knowledge and experiences of operational facilities such as [CCRIF](#), [ARC](#), [PCRAFI](#)³; Key Initiatives: Explore best ways how to access and interact with initiatives such as [G7 InsuResilience](#), [A2R \(Anticipate, Absorb, Reshape\)](#)⁴, [IDF \(Insurance Development Forum\)](#)⁵ and reflect on how to establish insurance facilities in regions most in need.
- New concepts/ideas: Towards a shared understanding of e.g. green bonds to finance resilience measures (e.g. green and grey infrastructure) with the aim to reduce risk and hence increase insurance affordability.

¹ http://www.swissre.com/about_us/

² www.bmz.de/g7/includes/Downloadarchiv/G7-Climate_Risk_Insurance_Initiative_-_Options-Paper-Plus.pdf

³ www.ccrif.org, www.africanriskcapacity.org, <http://pcrafi.sopac.org>

⁴ www.un.org/sustainabledevelopment/blog/2015/11/un-secretary-generals-initiative-aims-to-strengthen-climate-resilience-of-the-worlds-most-vulnerable-countries-and-people

⁵ www.icmif.org/news/icmif-play-key-role-climate-resilience-initiative-launched-un-secretary-general-cop21