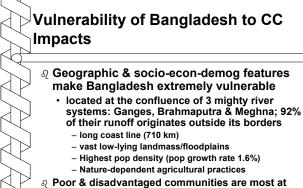
### Climate Risks and Microinsurance: The Case of Bangladesh by Mizan R. Khan, Ph.D Ministry of Environment & Forest

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# Outline of Presentation

- J ର Climate Risk Assessm in Bangladesh
- ଣ Concept & Types of Microinsurance (MI)
- $ight
  ceil _{arrho }$  Gaps and Challenges
- ର Some Suggestions



risk from multiple stresses including CC impacts



- ${\it \rm d}_{\it \rm 2}$  Risk is a combination of 2 factors:
- Probability of climate hazard x Impacts/Effects
- Q Vulnerabilities, not risks, addressed by several national & int'l assessments

Climate	Les and				
Year Temperature fluctuation		precipitation		ATT.	
<u>increase o0</u> monsoon	; dry season	<u>compared to </u> monsoon dr	<u>1990 ir</u> y seas		
2030 +0.7	+1.3	+11%	- 3%		
2050 +1.1	+1.8	+ 28 %	-37'		

#### Projected Impacts of CC in Bangladesh

- $\Im$  8 Half a meter SLR will inundate 11% of territory
  - ନ Flash flooding will be more frequent
- $\Im$   $\Re$  River flooding will stay for longer periods
- ରୁ Frequency of tropical cyclones & storm surges will increase
- ନ୍ଧ Agr productivity will be severely affected
- ଣ୍ CC impacts likely to undo the achievements in econ growth rates (> 5%) & food self-sufficiency during the last decade

#### Actual Impacts & Risk Assessment

- $\delta_{\ell}$  Experienced > 170 disasters during 1970-98, putting the nation among the most hit in the world
- ନ୍ତ Ex-post evaluation of impacts done
- $\vartheta\,$  500 sq km of coastal areas devastated by the 1991
- cyclone, econ losses exceeded \$1 bn  $\vartheta$  1998 flood kept 2/3 of the country under water for 2
- months, econ losses incurred over \$2 bn
- থ Trends in natural hazards non-linear so predicting the likelihood of events in future is difficult; predicting effects based on Forecasting by Analogy
- l θ Lack of capacity for ex-ante assessment of risks

# Concept & Types of Microinsurance

- ୁ ର MI is provision of insurance to low-income
  - HHs, which are vulnerable to multiple risks
  - 𝔄 Credit & savings services are inadequate when HHs are exposed to risks, causing losses that are beyond their means

	MI Products under the MFI- NGOs							
$\overline{\langle}$	Insurer	Products	targets	Since				
$\forall \forall$	BRAC	Life (term)	Members	1990				
	Grameen Bank	Life, Ioan	Members	early 1990s				
$\triangleleft \supset$	ASA	Life (Endowm)	MC users	1993				
	Grameen	Livestock (all	Borrowers	late 1990s				
$\mathbb{Q}$	Fisheries Founda Grameen Kalyan		Members & family					
$\mathbb{N}$	Gono Sasthya	Health	Suburban poor					
K	Padakhep	Life, Fire, Livestock (partial	Members					
AP.	Ghasful	Life (Endowm)	Urban poor	1999				

#### MI products under Commercial Insurers

Q					
$\overline{}$	Insurer	Type	Products	Targets	Since
P	Delta Life	Life (Endow)	Grameen &	Low-income	
			Gano Bima	Rual Poor	1988
$\bowtie$				Urban Poor	1994
(	National	Life (Endow)	Jano	Rural/Urban	1996
	Life			Poor	
$\triangleright$	Homeland	Life (Endow)	Palli	Rural poor	1996
	Life				
	SBC (Govt) &	Non-life	Personal	Urban poor	1977
$\mathbf{P}$	others		Accidents		
	SBC	Non-life	Crop. Cattle.	Rural	1981.1994
$\geq$	020		Prawn		1997
$\checkmark$					

## Features of Commercial & Non-Commercial MI

- $\alpha$  Policy amounts range bet \$100 to \$1000 only
- ο Existing MI delivery under Full-Service model
- ର୍ MI products under commercial insurers targeted at low income group, not the poor
- $\vartheta\,$  Crop insurance under the Govt-owned insurer as an extremely loosing concern now non-functional
- All under MFI-NGOs kind of Self-Insurance, which defeats the principle of wider risk-pooling

