Breakout group 1:

Risk transfer schemes including insurance products and tools

What role do risk transfer schemes including insurance products and tools play in addressing the risks of loss and damage?

MAIN ISSUES DISCUSSED

- **Lessons learned , challenges and opportunities from country experiences**
  - **R4: needs based/affordability (work for insurance)**
  - **JICA/Philippines: Buz continuity credits/score for resilience**
  - **Philippines: SME Catastrophe pool – 20 % parametric trigger/80% indemnity based**
  - **Sudan: NAPA integrates microinsurance for the very poor and vulnerable**
  - **Honduras: Combining risk transfer schemes with other financial instruments – e.g. micro lending to informal economy**
- **Challenges/Context in which risk transfer schemes can be utilized most efficiently**
  - **Premium subsidies vs donor assistance on the markup portion (administrative, transaction costs, etc.)**
  - **Short return period requested by governments / Payout speed / Basis risk**

2016 SCF forum: report back

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KEY TAKE AWAYS

- **Risk transfer schemes can be utilized most efficiently when used as part of comprehensive, needs-based risk management solutions**
  - **Effective private sector engagement in providing solutions**
- **Measures to increase affordability of risk transfer schemes to the most vulnerable needs further attention, including combining with other financial instruments may be part of solution**
- **Business-as-usual approach not applicable in developing country context**
- **Caution about the use of ODA for risk transfer schemes**
- **Value proposition of climate risk insurance vs any other risks, e.g. life?**
- **Risk transfer schemes may not be most suitable approach in slow onset events context -- which may need global response/pooling**
- **Multi-stakeholder participation is essential**