



## Template for non-Party stakeholders' inputs for the Talanoa Dialogue

### Question 3 - How do we get there?

#### **CLIMATE RISK ADAPTATION AND INSURANCE IN THE CARIBBEAN (CRAIC)** **Implemented by the Munich Climate Insurance Initiative (MCII)**

##### **How do we get there?**

*Ways in which the UN Climate Change process can help you achieve your vision and goals, and how your actions can help in expediting sustainable transitions to climate neutral societies [Maximum 300 words]*

*The UN Climate Change process offers a platform to present and exchange best practices and lessons learnt which enables discussions on activities that are performed within the Climate Risk Adaptation and Insurance in the Caribbean (CRAIC) and other projects. Sharing the ideas and experiences of the CRAIC project – (i) particularly achievements in phase I and II, (ii) lessons learned, (iii) opportunities and challenges, (iv) outcomes and (v) way forward –help the project to receive valuable feedback.*

*More specifically, working on the National Determined Contributions (NDC) process helps the CRAIC project in focusing their aims and activities so that they align with countries' goals and help countries reach their target and mandates. Sharing the experiences of the CRAIC project also opens up a window of opportunity for other participants that they can use in their decision making processes. Moreover, through the UN Climate Change process, the CRAIC project can also benefit from the experiences and lessons learnt of other projects through this open dialogue.*

*Furthermore, the project can also supply useful findings and lessons learned that can be used when countries would like to determine their National Adaptation Plans as well as what they plan to do regarding Loss and Damage. As insurance can massively help with Loss and Damage and dealing with the consequences of a natural disaster, the CRAIC project benefits from learning about different countries plans and seeing how insurance can best contribute.*

*The CRAIC project lastly aims to share their experiences and feedback from the policy holders of climate risk insurance with the international community so that others can benefit from the new findings and modify their own approach to make them more successful.*

*Concrete solutions that have been realized while implementing your commitments, including lessons learnt from success stories and challenges, and case studies that are in line with the 1.5/2 degrees' goal and can support the Parties in achieving their NDC goals, enable higher ambition and inspire engagement of other non-state actors [Maximum 300 words]*

*The CRAIC project started by first introducing the concept of climate risk insurance in the Caribbean in 2010. Team members from MCII met with different government officials as well as other stakeholders to determine whether a parametric, index-based insurance product was needed in the Caribbean region. After this concept was introduced and well received in the region, a market study was conducted to see whether at risk*



*individuals would be interested in taking out a parametric, index-based climate risk insurance policy to protect themselves against extreme weather events. The project then worked with insurance regulators in different countries to prepare the appropriate regulatory framework for this new type of index-based insurance.*

*Different stakeholders from the private sector (local insurance companies and satellite institutions), as well as government ministries, organizations, regional bodies (CCRIF SPC) and international organizations (ILO) were brought together to create the project consortium. The Livelihood Protection Policy (LPP), a wind and rain index-based micro insurance product, was then created together with the reinsurer Munich Re and introduced in Jamaica and Saint Lucia.*

*The second phase of CRAIC started in 2016 with the focus of introducing the LPP into Grenada, Trinidad and Tobago, and Belize. Six United Nations Volunteers have been hired (two working in St. Lucia and four in Jamaica) to raise awareness about (i) DRR, (ii) CRI, (iii) the linkages between them and (iv) the availability of LPP in the region.*

*In addition, CRAIC Plus works to bring insurance into the renewable energy sector. As island nation states realize the importance of switching to renewable energy to reach the 1.5/2 degrees' goal and gain more autonomy over their own economic environment, they must find ways to attract investments in renewable energy. The CRAIC Plus component works to build capacity in insuring renewable energy in the Caribbean region.*

*Collaboration models with other stakeholders and, in particular, between non-Party stakeholders, national governments and the UN Climate Change process that have been successful in helping you, or can help you, achieve your commitments [Maximum 300 words]*

*CCRIF SPC (formerly Caribbean Catastrophe Risk Insurance Facility): The collaboration with CCRIF SPC is pivotal in activities related to (i) communication, capacity building and marketing, (ii) policy and regulatory advice and (iii) technical reviews.*

*International Labor Organization Impact Insurance Facility (ILO): The ILO supports the project by (i) capacity building of insurance companies to carry out parametric insurance programmes.*

*Munich Re: Is the reinsurer in Jamaica and St. Lucia.*

*DHI (formerly Danish Hydraulic Institute): DHI support the project by (i) product optimisation (ii) product development) and (iii) monitoring cost and system maintenance (with the local insurers -GK Insurance and EC Global)*

*Climate Analytics: Climate Analytics supports the project by investigating through scientific methods quantitative and qualitative coverage of the influence of CRI on decisions or behavioural changes concerning the adoption of different risk reduction activities.*



*University of West Indies: The university support enables the development of vulnerability profiles for representative livelihood archetypes that constitute the LPP target group in St. Lucia.*

*UN Volunteers: The CRAIC project has partnered with UN Volunteers to hire national specialist that can raise awareness on disaster risk management strategies and the role of insurance.*

*EC Global in Saint Lucia and Grace Kennedy in Jamaica: These are the local insurance for the Livelihood Protection Policy (LPP).*

*Insurance Regulators: The insurance regulators in Jamaica, Saint Lucia, and Grenada have done considerable work creating the regulatory framework for the first index-based micro insurance product.*

*Ministry of Agriculture in Saint Lucia: They have gone through great lengths to bring farmers together with the local insurance to increase their awareness of the LPP and how it can contribute to their business.*

*UNFCCC: Through sharing experiences and lessons learned on a different level, the UNFCCC bring attention to the important topic of insurance and attracts interests from other countries,*

*Opportunities to further scale up action and means to address barriers that can enable even further action by non-Party stakeholders based on the actions you have taken to implement your commitments. ("We've made progress and have made new commitments as described above. This is what I need from national governments, other non-Party stakeholders and the UN Climate Change process to take even further action...") [Maximum 200 words for each item below]:*

- **Policy levers**

*At the policy level, the CRAIC Team is discussing currently about the sustainable future of the project with CCRIF SPC. The CRAIC team also plans to work with CCRIF SPC to reach out to different levels of governments that could benefit from a group policy approach. This approach would give different levels of government more control over how they respond after an event.*

*Furthermore, it is intended to raise awareness about the CRAIC project during COP24 and exchange (i) particularly achievements in phase I and II, (ii) lessons learned, (iii) opportunities and challenges, (iv) outcomes and (v) ways forward.*

*Through the CRAIC's project cooperation with CDEMA, the Caribbean Disaster Emergency Management Agency, more Caribbean have researched out to the CRAIC team to request support in developing their own climate risk insurance project.*

*In 2019, the CRAIC team plans to work together with the Pacific Financial Inclusion Programme (PFIP) to investigate the feasibility of bringing climate risk insurance to the Pacific region.*



- **Collaboration/cooperation opportunities**

*The CRAIC project also plans to continue working with and deepening their relationship with several of the UN Agencies including but not limited to UN University, UN Volunteers, UNDP, UNISDR, and UNCDF.*

*Furthermore, CRAIC is working to strengthen their relationship with national disaster risk management agencies and organizations in the region to ensure that knowledge on parametric, index-based insurance is available and communicated to the vulnerable groups who could benefit from this type of insurance.*

*Lastly, through the participation in workshops, conferences and field missions, various collaboration/cooperation opportunities have come up. Examples are the potential cooperation with a local insurer in the Caribbean, outreach to the Pacific region and discussions with the international reinsurance sector. It is expected to have various discussions with potential future project partners during the COP24, particularly focusing on the Caribbean and Pacific region.*

- **Lessons learned based on the experience and progress so far**

- 1. LPP is an unique approach very simple in design, targeted at people of all income regardless of sector. The LPP is a pioneer and currently the only index micro-insurance solution of its kind that is available in the region. Its further promotion by stakeholders is essential.*
- 2. There is a well-balanced variety of partners, representing the private sector, technical sector, United Nations, non-governmental organizations and local organizations (public-private engagement).*
- 3. Payouts in St. Lucia prove the concepts and lead to demand for LPP in the region. It is important to use this window of opportunity.*
- 4. Disbursement are quick and can be made within 7 days currently. However, our experience proves the feasibility to reduce it to 72 hours.*
- 5. The integration of DRR principles into LPP and increased community resilience is essential.*
- 6. The use of alternative distribution channels offers potential of technology solutions to upscale and intervene across the value chain for providing better solutions to underserved population.*
- 7. The results from the CRAIC project inform international and regional political agendas, such as UNFCCC and CARICOM.*
- 8. There is potential for a replication of the LPP in another region/or scale-up by local insurers across the Caribbean.*
- 9. Education on index-based insurance is needed as it is not any easy concept to understand when one is only familiar with traditional indemnity style approaches. This misunderstanding of how the insurance works could lead to negative experiences of individuals.*

- **Public and private financing models**

*This project is being supported by the German Government (funded through the International Climate Initiative of the German Federal Ministry for the Environment nature Conservation, and Nuclear Safety).*

*The LPP is currently not supported by any forms of public financing (i.e. subsidies).*



- *Impact on non-Party stakeholders if these actions by national level governments and the UN Climate Change process and other opportunities are implemented and how much further they could go*

*The project serves as a lighthouse activity in the UNFCCC climate negotiations, illustrating how fast track adaptation financing can be used in strategic ways to leverage adaptation (i.e. through risk reduction and insurance). In addition, the project will illustrate the development of climate risk insurance solutions to extend financial support for vulnerable groups. This project could also increase the resilience capacities of the vulnerable people in the Caribbean who are threatened by extreme weather events. The project should also help the local private sector insurance firms with developing their business by reaching out to groups who previously were not able to afford traditional forms of insurance.*