Climate Risk
Adaptation and
Insurance in the
Caribbean

Making Weather-Index Microinsurance
Work for Vulnerable Individuals

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Climate Change: Counting the Cost

- 1.5 million people affected by extreme weather events in the eastern Caribbean over the last 30 years
- Losses caused by weather-related natural catastrophes account for up to 6% of annual GNP losses in some Caribbean countries
- In Jamaica, 96.3% of the national population, 94.9% of national territory, 96.3% of GDP is exposed
- In Grenada, 100% of the national population is exposed to the threats posed by extreme weather events

- St Lucia listed among the world’s top 40 climate „hot spots“
Spectrum of climate risks

- Changes in climate variability
- Interactions between climate variability & climate change
- Changes in regional climate systems
Increasing Resilience, Reducing Vulnerability

- Incentivize loss reduction & resilience building activities
- Reduce social vulnerability
Addressing the Adaptation Needs of Vulnerable Communities

- Using insurance to address adaptation needs: Not just about public OR private solutions
  - Innovations & partnerships in using insurance
  - Local level: Building resilience with local insurance & safety nets: Helping low-income people absorb shocks and temper downturns
  - National level: Combining risk transfer and measures to protect national development priorities
  - Regional & international: Combining risk transfer with regional risk capacity & forecasting
Climate Risk Adaptation and Insurance in the Caribbean

Project Consortium

- MCII at UNU-EHS: coordination, research, evaluation
- Caribbean Catastrophe Risk Insurance Facility
- Microensure
- Munich Re

Donor

- International Climate Initiative of the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety (BMU)
Objectives

- Provide financially stable parametric insurance solutions for low-income people to cover medium-level weather events (return period 20-40 years)

- Find ways to combine approaches with DRR to catalyse sustainable adaptation

- Prove value of regional entities in achieving these goals

- Exchange experience & lessons learned with policy makers
Conclusions

- Insurance can fulfill four functions to help meet the needs of low-income countries & communities
  - ✓ Assess and price risks
  - ✓ Reduce financial repercussions of volatility, create more certainty
  - ✓ Incentivize loss reduction & resilience building activities
  - ✓ Provide timely finance to recompense damage