



Press Release

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As pressure mounts for an ambitious deal at COP15, there is a call for risk management and insurance to help vulnerable countries

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Climate change is one of the most profound challenges mankind is facing. It claims many lives, worsens the situation of already vulnerable countries and people, and costs billions of dollars every year. A strong agreement to combat climate change is imperative now for the welfare of people worldwide, and it also makes economic sense. It is therefore critical for the Copenhagen climate summit to achieve significant progress and lay the cornerstones of a legally binding climate agreement. The COP 15 meeting also offers the historical chance to lay the foundation for a risk management and adaptation system that can help developing countries manage a range of risks associated with climate change.

Late last night climate negotiators worked out some of the issues needed in the Copenhagen Agreement to help vulnerable countries and people manage loss and damage associated with climate change. As the clock for COP15 winds down, negotiators inched towards text which they will pass on to their ministers early Wednesday, recognizing that the losses and damage which countries already face related to climate change must be managed and shared.

The most current available science indicates that, globally, the average number of major weather-related catastrophes such as windstorms, floods or droughts is now three times as high as in the early 1980s. "Losses have risen even more – on average by some 10% per annum since 1980. Not all of this can be attributed to the rising (global) temperature. However, a significant part of the increase can only be explained by climate change," notes Prof. Peter Höpfe, Chief Climatologist and Head of Munich Re's Geo Risks Research unit. Developing countries suffer the most from climate change: they account for 90% of weather-related fatalities worldwide since 1980.

With this in mind, the Munich Climate Insurance Initiative (MCII) has been working with delegates to establish a risk management system involving disaster risk reduction and insurance solutions for developing countries in Copenhagen. Christoph Bals, Executive Director of the NGO Germanwatch, states "MCII welcomes the fact that the negotiating texts for the climate summit still include the option of an international insurance mechanism for most vulnerable countries. It would certainly be a historical chance to put into place a system that can help vulnerable countries manage a range of risks associated with climate change."

"To foster adaptation, vulnerable countries would benefit from disaster risk reduction, social protection and microinsurance at the local level as well as risk pooling approaches for large catastrophes that affect entire countries", said Joanne Linnerooth-Bayer, leader of the Risk and Vulnerability Programme at IIASA. According to MCII estimates, the annual cost of such a comprehensive approach would be US\$ 10bn. "There is an economic case for an international insurance mechanism which can capture economies of scale and scope, and bring global expertise to address the needs of vulnerable countries," she adds.

"The Copenhagen Agreement must bring to the table additional financial support to ensure that countries can continue to move forward on development in a more hostile physical environment", said Lord Nicholas Stern, chair of the Centre for Climate Change Economics and Policy (CCCEP) at the London School of Economics and Political Science and the University of Leeds.

"Major catastrophes not only cost many lives and a significant share of gross domestic product, they also set back development by decades. Adaptation, including better risk management, will be able to help countries cope better with such catastrophes. Working in parallel to those measures, insurance solutions can help the people and economies affected get back on their feet more quickly" Stern continued, and highlighted that such a positive outcome is only possible if meaningful additional financing for adaptation is part of the Copenhagen agreement.

"Developing countries have not caused climate change, but are most affected by it. Industrialised countries must therefore actively work together and contribute to reducing risk and supporting an insurance solution. This will be a key factor in obtaining the approval of developing countries for a new agreement", according to Christoph Bals. "The acceptance of insurance solutions in the Copenhagen Agreed Outcome will be an important early step to helping vulnerable countries and people".

About the Munich Climate Insurance Initiative (MCII):

The Munich Climate Insurance Initiative (MCII) was launched in 2005 in response to the growing realization that insurance-related solutions can play a role in adaptation to climate change, as advocated in the Framework Convention and the Kyoto Protocol. This initiative brings together insurers, experts on climate change and adaptation, NGOs, and policy researchers intent on finding solutions to the risks posed by climate change. MCII provides a forum and gathering point for insurance-related expertise on climate change impact issues.

Information about the Munich Climate Insurance Initiative (MCII)

www.climate-insurance.org

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