

## Munich Climate Insurance Initiative (MCI) e.V.

### Vision & Mission Statement

#### Vision

We strive for a world where vulnerable people have access to and can afford protection against extreme weather. We want to empower them to better cope with the negative impacts of climate change, foster resilient societies and enable sustainable development.

#### What Motivates Us

##### The Rising Challenge of Climate Change:

Over the past years changes in extreme weather and climate events have been observed. Trends in the frequency and intensity of many weather related extremes have increased significantly and are expected to accelerate even further. The effects of climate change are already being felt around the globe, threatening livelihoods, reinforcing poverty cycles, impairing socioeconomic development and reducing overall resilience. Climate change impacts are projected to worsen, especially if greenhouse gas emissions continue current trajectories.

##### Developing Countries Most Exposed:

The loss burden is most severe in vulnerable developing countries and, within these countries, among poor households and communities, whose contributions to global emissions are negligible. In some cases, the impacts have already gone beyond the ability of communities and countries to recover and adapt, and affected people often lack the means to effectively manage the risks they are being confronted with.

##### Closing the Protection Gap:

Currently, 98% percent of the disaster load in developing countries is not covered through insurance approaches. In the face of environmental change and a growing number of weather extremes, vulnerable people and countries need support in employing effective strategies to manage risks and unexpected shocks and build resilience to climate impacts. Risk transfer mechanisms, such as climate risk insurance – in conjunction with other disaster risk management measures and strategies – can protect people against climate shocks by acting as a safety net and buffer shortly after an extreme weather event. Insurance approaches can also increase the disaster preparedness of individuals and therefore alleviate the stress on government response mechanisms after an event. Ex-ante response mechanisms including meaningful insurance coverage are currently neither available nor affordable for poor and vulnerable people. Thus they need to be built based on participatory procedures, and embedded into risk management approaches and relevant policy frameworks. There is a need for effective public-private-partnerships (PPPs) to actively push the limits of insurability of climate-related risks. However, insurance is not appropriate to address some slow onset risks, such as sea level rise. Here, alternative risk management solutions need to be brought to vulnerable communities.

##### Fostering International Dialogue:

The United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement, the Sendai Framework for Disaster Risk Reduction, the Addis Ababa Action Agenda on Financing for

Development, the Sustainable Development Goals, and also specific processes in the G20 and V20 provide the potential for international cooperation towards a systematic global approach on climate risk insurance. To add value for affected people there is a strong need to raise awareness and help develop innovative solutions to protect poor and vulnerable people from increasing climate risks.

## Our Mission and the Values that Drive Us

MCII finds and promotes effective and fair insurance-related solutions for the risks posed by climate change by bringing together experts from research institutes, the insurance sector, civil society, and climate adaptation practice.

Through its unique set-up as a non-profit think tank and incubator, MCII provides a forum to explore solutions in creating incentives and changing structures for risk reduction for people with no access to risk management at present, particularly the most vulnerable people in low-income regions.

We want to add value to the most vulnerable people and communities, guided by the following principles:

- **Integrated approach:** Insurance-related solutions should be a part of comprehensive climate risk management strategies that place priority on preventing human and economic losses.
- **Economic efficiency:** Using risk-based pricing, insurance can provide an important signal to incentivize risk reducing behavior and thus contribute to an economically efficient adaptation approach.
- **From solidarity to responsibility:** Climate risk insurance solutions are mechanisms allowing to collectively manage losses that would overwhelm individual members of a group. Since poor and vulnerable communities have contributed little to climate change, it is incumbent on countries with high per capita emissions to take their share of the responsibility.
- **People-centered:** Insurance-related solutions should be grounded on a human rights-based approach that strives for an inclusive, meaningful and accountable involvement of the people they are intended to serve to effectively meet their needs and contribute to their empowerment.

Protection and insurance mechanisms promoted by MCII aim to foster a socially, ecologically and economically sustainable development process, particularly in low-income regions strongly affected by climate change.

## Goals

The Initiative's purpose is the promotion of the requisite framework of public-private protection and insurance solutions for the fast-growing number of people worldwide affected by extreme weather and climate events, especially in developing countries. The focus is primarily on solutions for people who have no access to risk management mechanisms at present. Specifically, we support the following goals:

- **Policy impact:** Establish and strengthen international support structures to protect poor and vulnerable people through effective pay-out mechanisms as part of climate risk management. Promote insurance-related approaches in cooperation with other organizations and initiatives and create political will for their implementation. Identify success stories and disseminate

information and guidance on the factors that are necessary to design and implement effective climate insurance-related mechanisms.

- **Enabling strategies:** Create competencies at individual, organizational and collective levels and the necessary enabling frameworks and methods that support successful implementation of insurance-related approaches for societal resilience. This includes the identification and promotion of risk preventing and loss reducing measures, the employment of climate risk management strategies and tools, as well as relevant operational guidance.
- **Practice partnerships:** Foster partnership and dialogue to employ climate risk insurance that allow the public and private sectors to enhance countries' resilience and to close the protection gap of poor and vulnerable groups. We combine resources and expertise, and where appropriate utilize commercial competition to create added value for the end users through effective, demand-matching products and initiatives at scale.

MCII's work is grounded in fact-based research and evidence. Through **collaborative research** and empirical insights from practice, we feed back to policy- and decision-makers, as well as technical peers, thereby changing regulations and enhancing international aspiration and standards.

MCII strives to continuously analyze the added value of insurance-related approaches to covering societal needs related to climate change.

The Munich Climate Insurance Initiative was initiated as a non-profit organization by representatives of insurers, research institutes and NGOs in April 2005 in response to the growing realization that insurance solutions can play a role in adaptation to climate change, as suggested in the UN Framework Convention on Climate Change and the Kyoto Protocol. This initiative is hosted at the United Nations University Institute for Environment and Human Security (UNU-EHS). As a leading think tank on climate change and insurance, MCII is focused on developing solutions for the risks posed by climate change for the poorest and most vulnerable people in developing countries.

