



Pacific Island Climate Change Insurance Facility



Cyclone Pam damage Tuvalu



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Recent Climate Change Disasters

- Flash floods 2014, Solomon Islands
- Cyclone Pam 2015
- Cyclone Winston 2016
- Drought 2016, Marshall Islands
- Cyclone Gita 2018
- Cyclone Keni 2018

Other Impacts



Warming oceans:

- Coral Bleaching
- Changes to locations of fish stocks

Ocean acidification

- Weakens coral and shellfish
- Impairs growth of immature tuna



Global Impacts:

- ClimateWise* has found a climate risk **protection gap of \$1.7 trillion** caused by climate change related weather events in last 10 years
- Munich Re says climate change-related loss and damage risen by **92%** since 2010
- Last year storms in the Atlantic Ocean caused **\$320 billion** in disaster losses

*ClimateWise, a global network of 28 insurance industry organisations

Pacific Island Climate Change Insurance Facility:



- Small Island States endorsed proposal for Pacific Island Climate Change Insurance Facility at meeting last year.
- Agree to establish Task Force to develop proposal
- Task Force currently facilitated by PIFS

Pacific Island Climate Change Insurance Facility



- **3 Key Outputs:**
- Insurance products: (parametric and indemnity)
- Clearinghouse of risk transfer mechanisms
- Financial disclosure monitoring mechanism



Phased Approach:

- **Phase 1**
- **Parametric Weather Index for Rapid Payment**
 - **Cyclone:** Wind speed, storm surge height
 - **Drought:** Number of days since rain
 - **Floods:** Amount of rain per period of time
 - **Coral Bleaching:** Number of days with water temperature above certain level
- **Phase 2**
- **Indemnity Insurance (Assessed Damage):**
 - Pay out due to assessed damage



Clearinghouse of Risk Transfer Products

- Information hub for other types of risk transfer that Pacific Island countries could use:
- Health Insurance for climate change related diseases
- Fish stock losses
- Crop insurance
- Micro-insurance



Other Climate Change Insurance Arrangements:

- Swiss re developed product to protect coral reefs
- Willis, Towers, Watson developed Global Ecosystem Resilience Facility



Insurance Disclosure Mechanism

- Encourage insurance and reinsurance companies to disclose their investment in the fossil fuel industry
- Linked to Task Force on Climate-related Financial Disclosures – Financial Stability Board, Switzerland
- Develop voluntary, consistent climate change-related risk disclosures
- Significant driving force for divestment from fossil fuel industry
- Geneva Association developing disclosure processes

Task Force



- SIS country representatives
- UNESCAP
- SPREP
- PIFS
- UNDP
- Invited insurance and risk finance experts



Financial Resourcing for PICCIF:

- Seeking donor support and support from Green Climate Fund for operation of Task Force
- Seeking longer term finance for multilateral banks, and donors. Possible levies on fossil fuel industry explored
- Develop affordable and likely subsidised premiums for member countries

Relationship with Pacific Catastrophe Assessment and Finance Initiative (PCRAFI)



- PCRAFI focussed on ‘natural disasters’
- PICCIF focusses on climate change impacts
- Opportunities for climate change finance at a significantly higher scale through PICCIF
- PICCIF significant driver of decarbonization.

Next Steps:

- Task Force to continue work
- Create legal entity
- Once PICCIF established explore opportunities for others to join

