Climate Risk Management and Insurance in the Tourism Sector

Munich Climate Insurance Initiative

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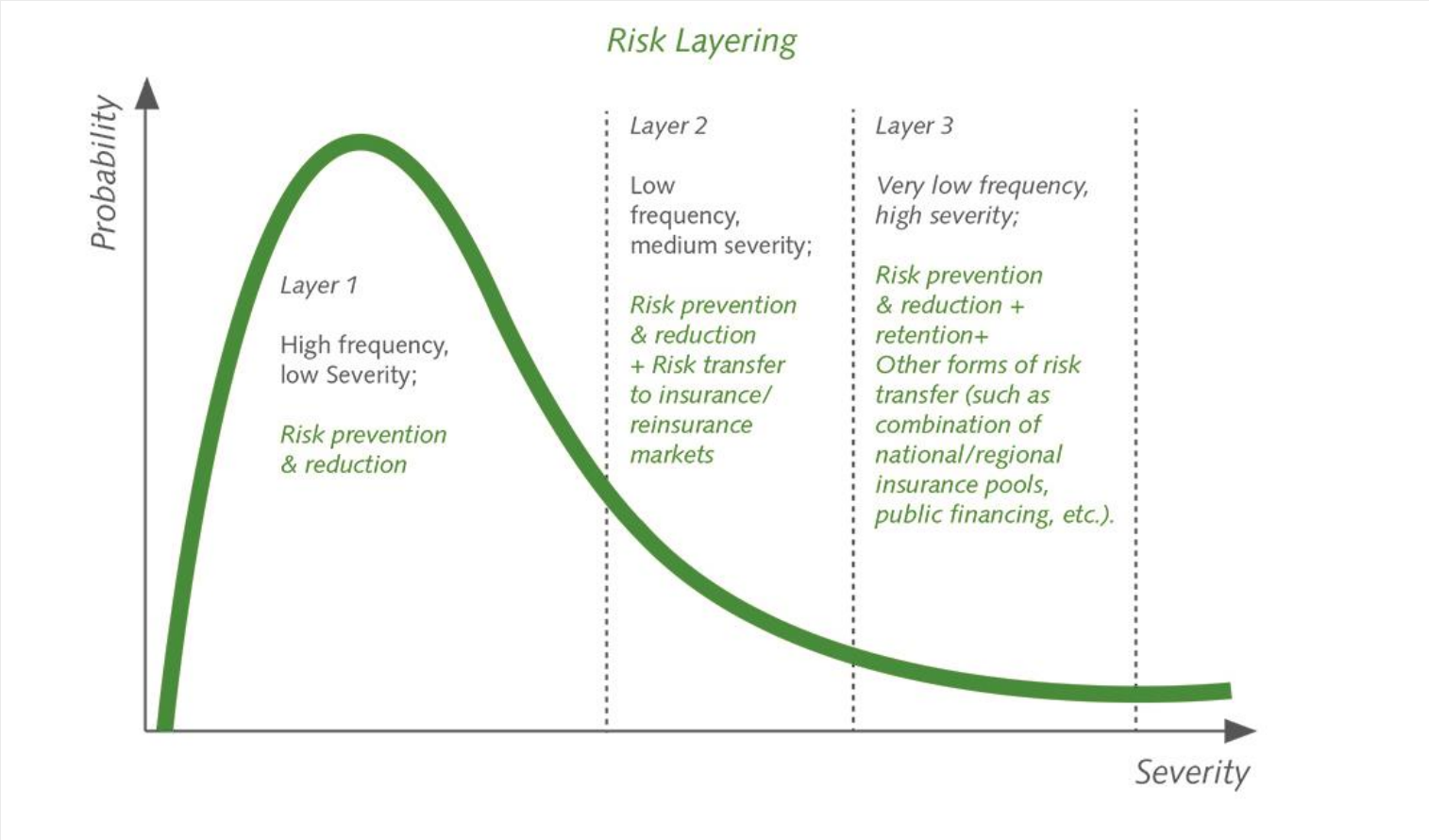
Climate Risk Insurance…

…is a tool to spread risk over people and time.

…is most suitable for high-impact, low frequency events.

When?



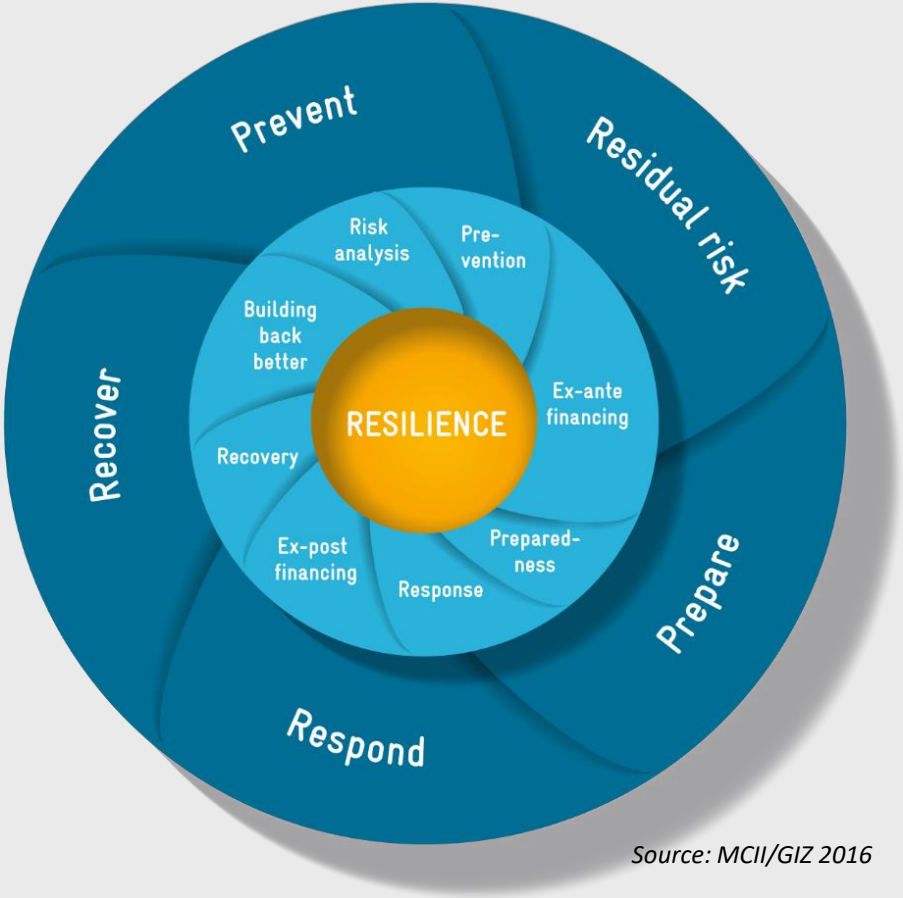
MCII and GIZ, own design, elaborated from World Bank (2011)

How?

Different approaches:

- Indemnity-based insurance: linked to the actual losses incurred by the insured
- Index-based insurance: payout if a physical loss parameter (e.g. wind speed) is reached

How?



Insurance solutions should be embedded into a comprehensive risk management.

Source: MCII/GIZ 2016

Potential Benefits of Insurance

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After the event:

- Insurance increases financial liquidity
- Insurance helps to keep business interruptions as small as possible
- Insurance payouts can boost the economy

Potential Benefits of Insurance

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Before the event:

- Insurers can help to identify risks
- Insurance increases risk awareness
- Insurance facilitates financial planning
- Insurance can promote risk reduction behaviour

Limitations and Interconnectivity

Insurance solutions have limitations such as affordability, cost-efficiency and coverage.

The tourism sector is highly connected with other sectors, therefore stakeholder engagement is important.

Thank You!

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