



Dealing with Climate Change

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Climate Change – A perception shift?

Davos 2019 – António Guterres, UN Secretary-General

Developments are worse than expected, and it is therefore absolutely essential to reverse the trend

Davos 2026 – Al Gore, former US Vice President

Climate policy momentum is weak compared with the pace of environmental and economic challenges - **“climate policy recession”**

Nat Cat >\$1bn Loss Events – Global

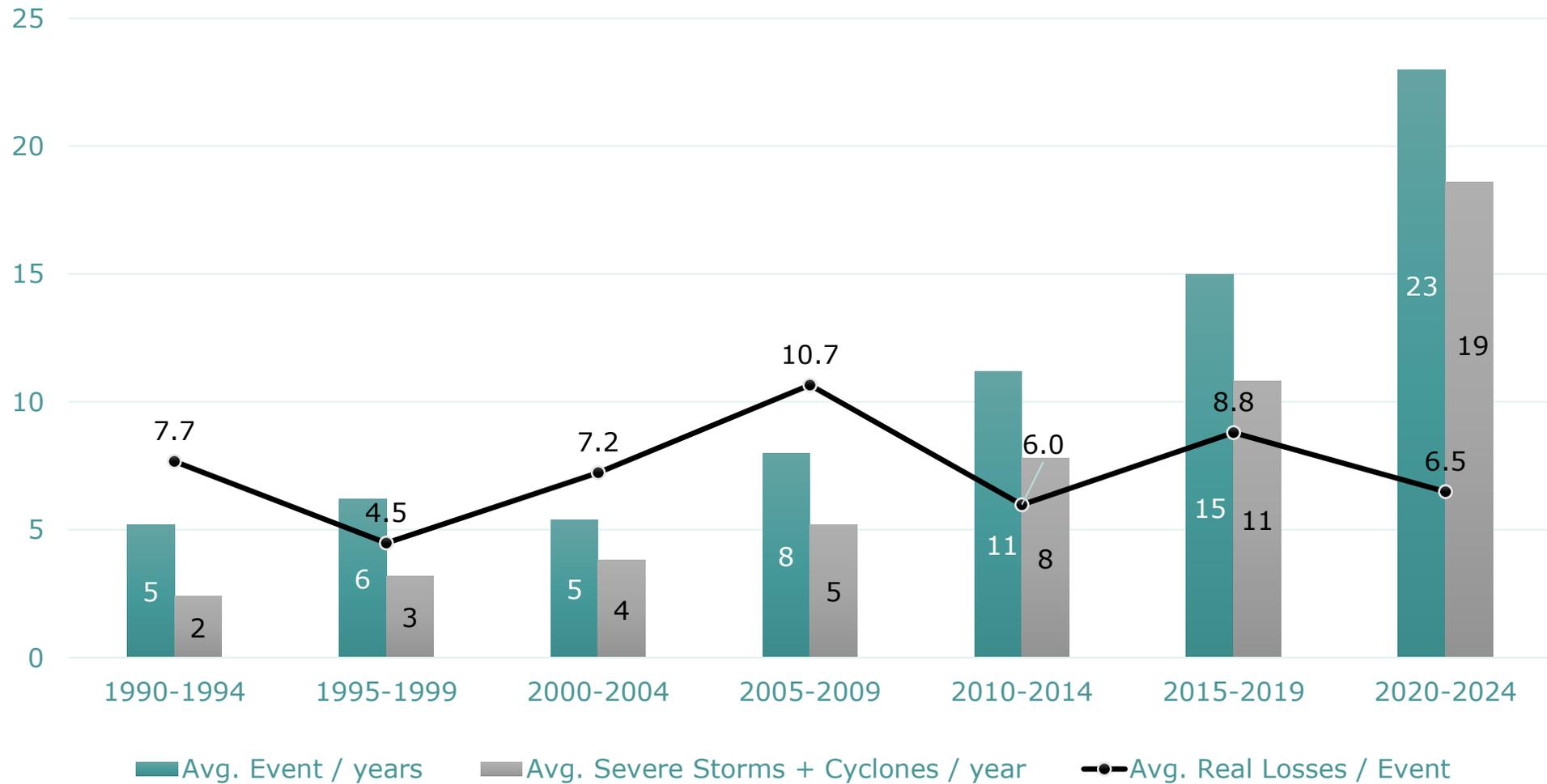
Region	Metric (Yearly Average)	2000–2005	2006–2015	2016–2025
Global	Number of events>\$1bn	29	46	56
	Deaths ('000)	102	80	52
	Economic losses (\$bn)	223	342	391
	Insured losses (\$bn)	67	83	138
	Economic loss / event (\$bn)	7.8	7.4	7.0
	Insured loss / event (\$bn)	2.3	1.8	2.5

Region	Metric (Yearly Average)	2000–2005	2006–2015	2016–2025
United States	Number of events>\$1bn	9	13	25
	Economic losses (\$bn)	77	52	150
	Economic loss / event (\$bn)	9.1	4.1	5.9
Rest of World	Number of events>\$1bn	20	33	30
	Economic losses (\$bn)	145	290	240
	Economic loss/ event (\$bn)	7.2	8.7	8.0

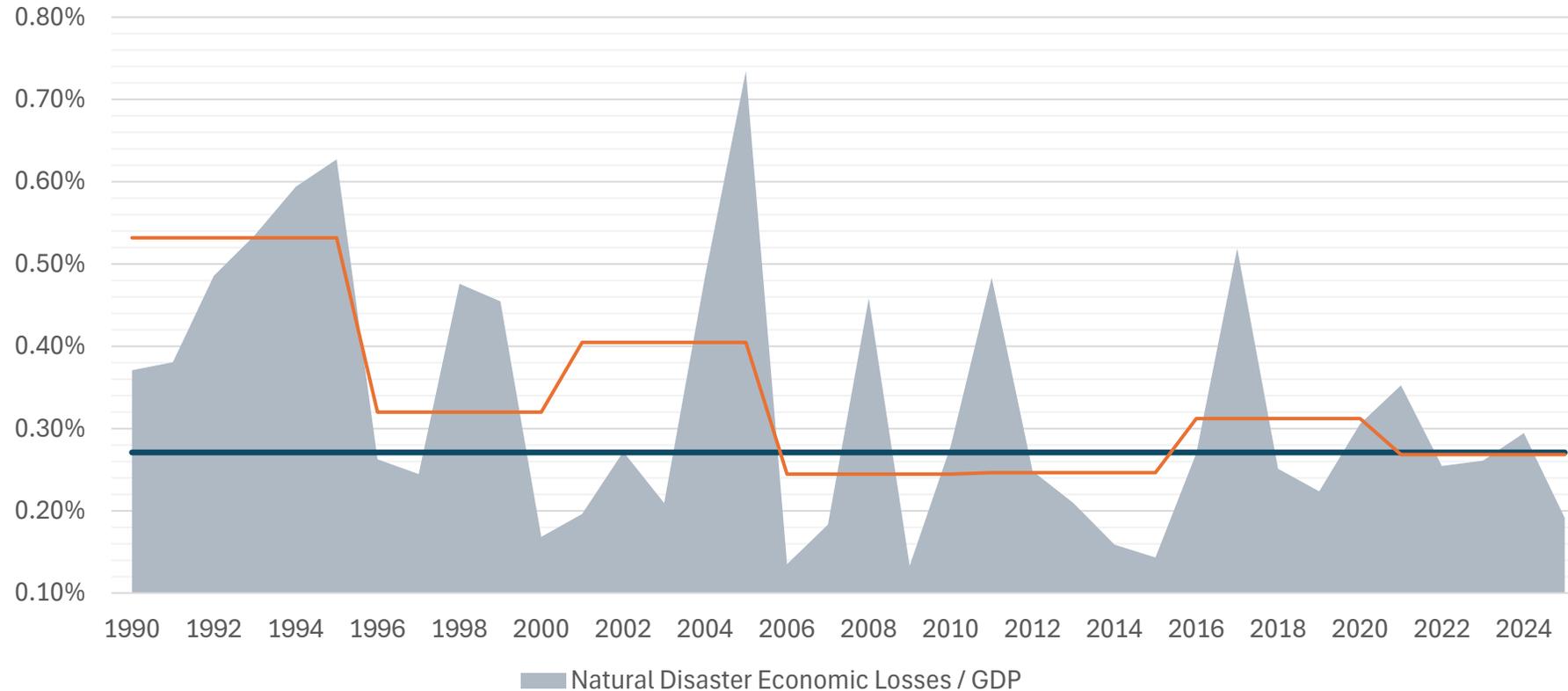
Source: AON

- US shows the most pronounced deterioration in climate-related loss
- Challenging pricing adequacy and capacity deployment
- Insurance penetration is improving globally

Focus on US Trends



Global Economic Losses – A Reducing Trend



Source: Munich Re

- **Global impact:** limited effect on overall GDP growth.
- **Low-income countries:** more exposed, losses hit GDP harder.
- **Call for Global solidarity:** financial & technical support to build resilience.

Climate Change – A tempered approach

FACTS

COMMENTS

Global Warming?

- Consistent trend +0.19°C every 10 years almost linearly
- Steady, still modest; acceleration small & still uncertain
- Hurricanes frequency increased sharply in the US
- Past warm periods existed

- Warming spike in 2022 may be explained by Hunga-Tonga Volcano eruption
- Unclear if Hurricanes ↑ outside US

Communication

- Fear with wildest scenarios vs. probability driven?

- Mitigation should be cost-effective; balancing with "adaptation"?

Modelling

- Wide uncertainty ranges, longer period & more data are needed
- CatNat deaths reduced over time
- Increase in exposure

- Floods trends may be biased due to human intervention



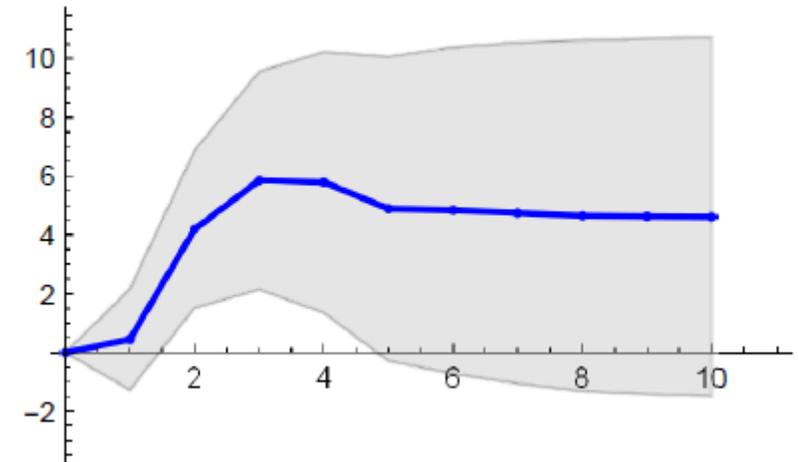
Climate risk is real but not existential

Funding framework - A Must Have

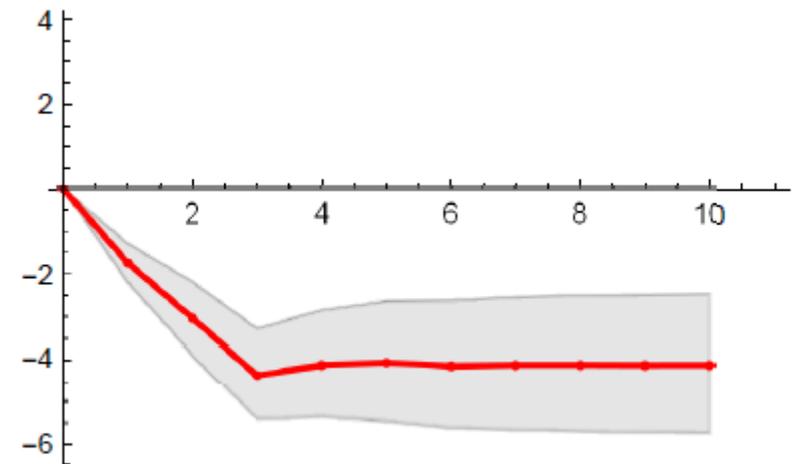
Natural Catastrophe Protection Matters

- **Financial Protection:** Covers losses and reduces post-disaster burden on governments & individuals. Poor insurance cause permanent **GDP losses of around 4% over 10 years.**
- **Faster Recovery:** Enables rapid reconstruction, stabilizes economies, and maintains livelihoods. **3% faster** in the year after a disaster, and growth within the **5-year** post-disaster.
- **Risk Awareness & Mitigation:** Incentivizes preparedness, adaptation, and resilient investments.
- **Risk Pooling & Diversification:** Spreads risk across countries/markets via PPPs, pools, and reinsurance. Support **macroeconomic stability.**

Cumulative effect: insured loss



Cumulative effect: uninsured loss



Source: Bank for International Settlements 2024
(by Goetz von Peter, Sebastian von Dahlen, Sweta Saxena)

Financing Models



Pools

*Insurance Risk-Sharing
Mechanisms*

- *Turkish Catastrophe Insurance Pool (TCIP)*
- *Algerian Catastrophe Insurance Pool (ACIP)*
- *California Earthquake Authority (CEA)*
- *Philippines Earthquake Pool*
- *African Risk Capacity (ARC)*



Conventional (Re)Insurance

*Risk Transfer &
Underwriting Capacity*



ILS (e.g., CAT Bond)

*Capital-market Risk
Transfer Instruments*

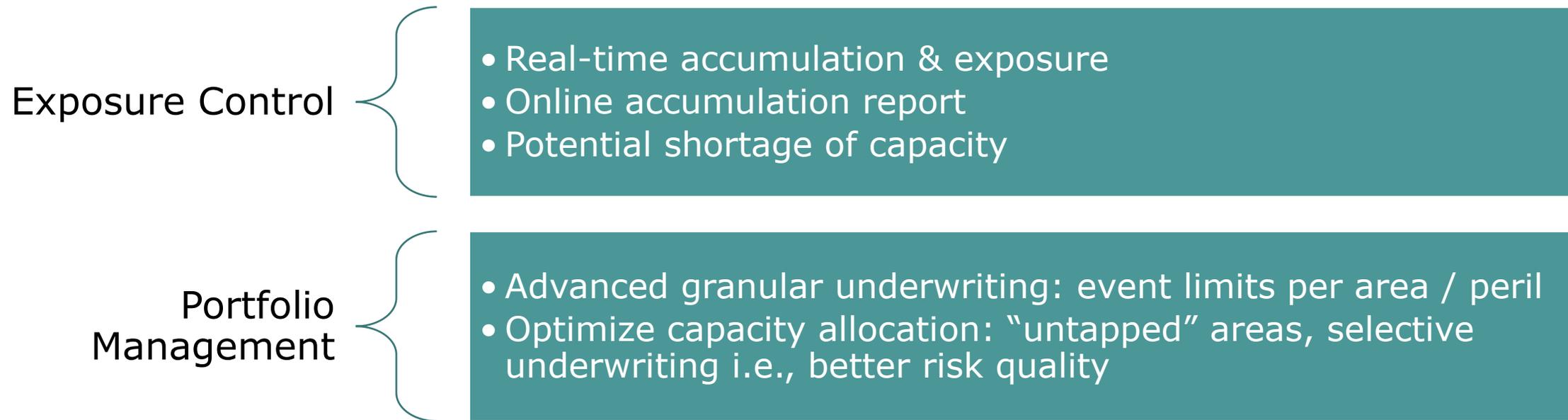


Public Private Partnership (PPP)

*Structured collaboration
Government & Private
sectors*

- *Flood Re*
- *France Cat Nat regime via CCR*
- *Insurance Development Forum (IDF)*
- *Sustainable disaster resilience vehicle (Lloyd's / Aon / UNCDF)*

Securing “Affordable Capacity”?



Treaties with various event limits (Peril type and Geographical zone)