

Invitation to FWF-DK Guest Lecture

Multilevel issues in climate change risk management for the global insurance sector

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Abstract

Humanitarian aspects; NatCatSERVICE Data: History has shown that the mortality of very poor people after weather-related natural catastrophes is disproportionately high. According to an analysis based on Munich Re's NatCatSERVICE loss database of 850,000 fatalities resulting from severe weather events worldwide in the period 1980–2015, almost 530,000 people affected (around 62%) had a daily income of less than US\$ 2–3 (World Bank classification for the lowest recorded group with a net annual income of less than US\$ 1045).

Economic Dimension in Developing Countries: Based on NatCatSERVICE data we can say that GDP losses following a natural catastrophe for low income economies are much higher than for high income/advanced economies. For low income countries: typically between 2% and up to 30%; for middle income countries: typically between 0.5% and 3%; for high income countries typically <0.5%. There is compelling scientific evidence of socio-economic benefits of preventive measures like Climate Risk Insurance (CRI)—especially for developing countries.

Insurance Know-How: Vulnerability Reduction, Adaptation, Resilience-Building: From a sovereign perspective the impact of natural catastrophes depends on the absolute size of an economy, on the share of population, agriculture and industry in exposed areas (e.g. coastal regions) and their relevant contribution to national GDP, it's level of economic development, the level of vulnerability and hazard as well as the strengths of its political institutions. To a big extend, however, prevention and resilience measures can influence this resilience level.

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