



UNEP Finance Initiatives
Innovative financing for sustainability

**Supporting the Kyoto Process -
Activities since COP 9**

Thomas Loster - Munich Reinsurance Company

**UNEP FI Side Event
Milan, 10 December 2003**

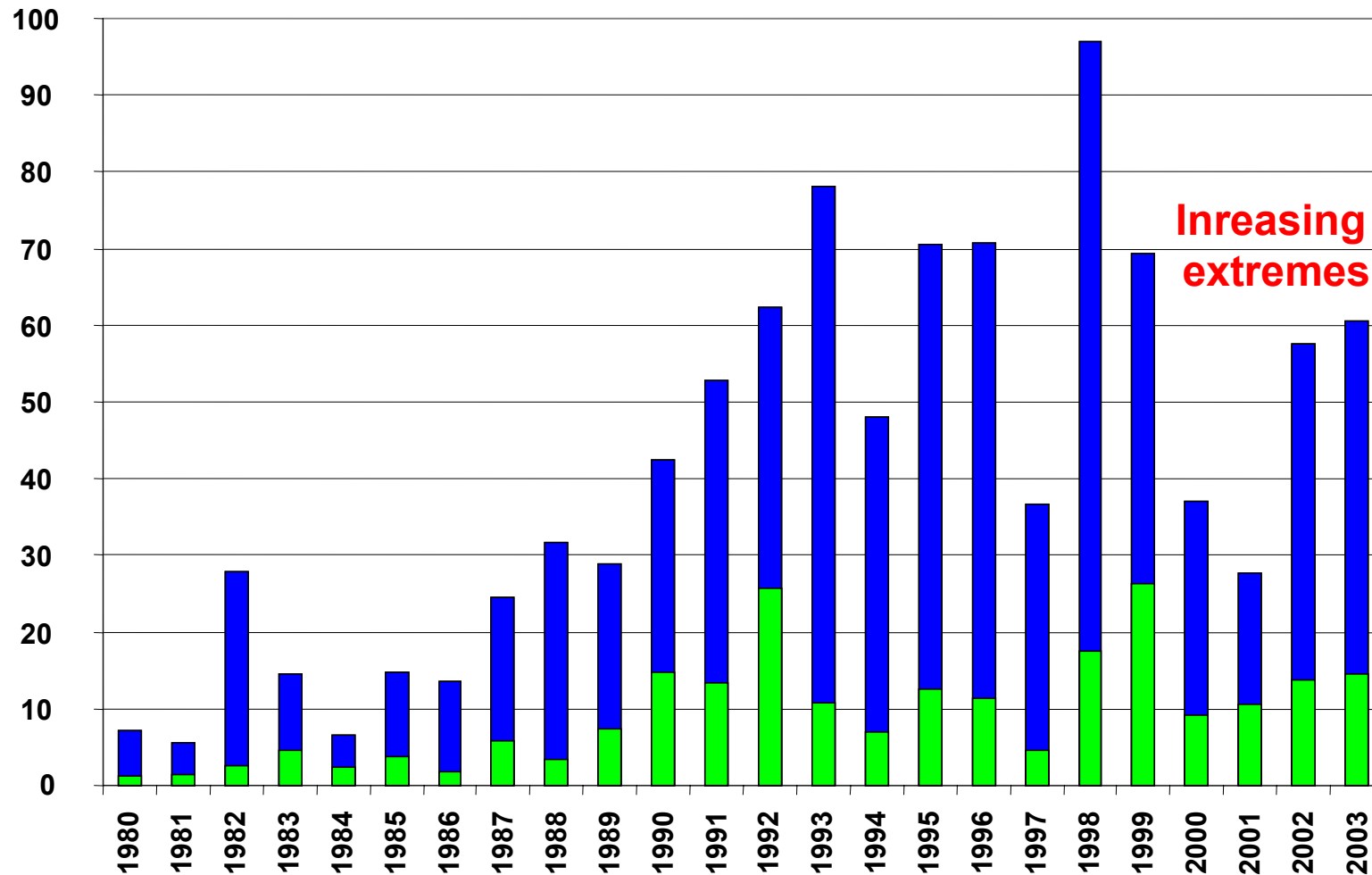



**Münchener Rück
Munich Re Group**

Weather related natural catastrophes 1980 - 2003

Munich Re

US\$ bn



 Economic losses (original values)
 of which insured losses (original values)

Great Weather Related Natural Disasters 1950 - 2002

Decade comparison

	Decade 1950-1959	Decade 1960-1969	Decade 1970-1979	Decade 1980-1989	Decade 1990-1999	last 10 1993-2002	Factor 80s : 60s	Factor last 10: 60s
Number	13	16	29	44	74	58	2.8	3.6
Economic losses	41.1	54.0	81.5	128.4	432.2	333.7	2.4	6.2
Insured losses	0/unknown	6.0	11.9	23.6	99.7	60.1	3.9	10.0

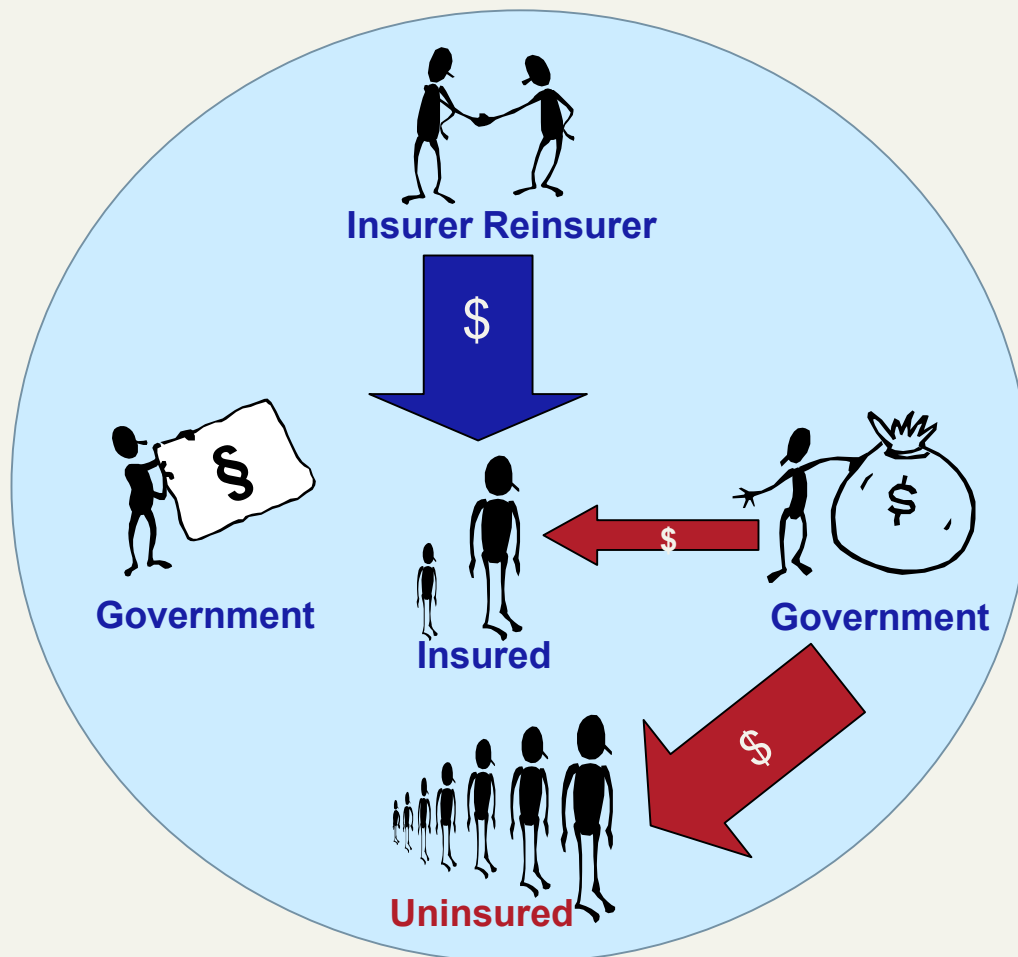
Losses in US\$ billion - 2002 values

MRNatCatSERVICE

As of January 30, 2003

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Worldwide Weather Disasters and the Carriers of Burden



Global Solutions only in Public Private Partnerships (PPP)

The climate changes have significant impacts on the insurance industry

- Increase in weather variability
- Poorer claims experience
- New exposures
- More frequent and larger natural disasters
- Greater claims potential
- New extreme values in certain regions
- Lagging premium adjustment
- Rising demand for cover of natural hazards
- New markets, new clients

Kyoto Mechanisms and the Financial Sector

Emissions Trading will be implemented

- Europe 2005
- globally (with or without the Kyoto protocol ?)

Finance Service products include

- Portfolio management
- Trading (spot and derivatives markets)
- Adoption of existing insurance products (e.g. Business Interruption)
- Delivery guarantees
- Consultancy works (e.g. market risk profiles, ratings)
- other

Uncertainties

- How will the markets develop? (size, coverage/players)
- Will affected companies be prepared early enough?
- Key role of Russia?

Kyoto Mechanisms and the Financial Sector

CDMs and JIs

Finance Service products include

- traditional products (banks): project finance services
- new products (banks): carbon funds (portfolio management), trading derivatives
- traditional products (insurance): marine, construction, business interruption etc.
- new products (insurance): Kyoto BI (Kyoto target non achievement insurance)
- other

Still many uncertainties, e.g.

- Framework (Kyoto framework not yet completed)
- Political and economic stability (trading and legal framework)

UNEP FI CCWG Achievements 2003

Awareness Rising

- Translation of CEO Briefing to J, G, F, (S))
- Emissions Trading Paper No. 1 (more to come)

Dialogue

- steps towards politics
- UNFCCC insurance workshops in Bonn (June 2003)
- UNFCCC secretariat communication (September 2003)

Strengthening partnerships

Carbon Disclosure Project

e.g. NGO's

Other work within UNEP FI

(e.g. Tokyo Round Table, WSSD Report Series: Finance and insurance as a partner for sustainable development)

UNEP FI CCWG directory

Next steps (2004):

- Conference Renewables Bonn 2004
- Position paper No. 2
- Sustainable Energy Financial Initiative(SEFI)

1. Rationale for renewable energies: [Making the case for renewable energies - advantages and benefits](#)
2. Targets: [The rationale for targets](#)
3. National policy instruments: [Learning from variety - time to concentrate on success](#)
4. Level playing field: [Levelling the playing field for renewable energies](#)
5. Financing renewable energies: [Mobilising finance for renewable energies](#)
6. Clean development mechanism and joint implementation: [New instruments for financing renewable energy technologies](#)
7. Research and development: [R&D - challenges for sustainable development](#)
8. Capacity development: [Developing capacity for renewable energy](#)
9. International institutional arrangements: [Bundling the forces - but how?](#)
10. Potentials and demands: [Opening up the potentials and promoting new applications](#)
11. Traditional use of biomass: [Biomass - the big energy potential and the challenge of sustainable use](#)
12. Gender: [Gender equity and renewable energies](#)