Weather related natural catastrophes 1980 - 2003

US$ bn

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

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### Great Weather Related Natural Disasters 1950 - 2002

#### Decade comparison

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<tbody>
<tr>
<td>Number</td>
<td>13</td>
<td>16</td>
<td>29</td>
<td>44</td>
<td>74</td>
<td>58</td>
<td>2.8</td>
<td>3.6</td>
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<td>Economic losses</td>
<td>41.1</td>
<td>54.0</td>
<td>81.5</td>
<td>128.4</td>
<td>432.2</td>
<td>333.7</td>
<td>2.4</td>
<td>6.2</td>
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<tr>
<td>Insured losses</td>
<td>0/unknown</td>
<td>6.0</td>
<td>11.9</td>
<td>23.6</td>
<td>99.7</td>
<td>60.1</td>
<td>3.9</td>
<td>10.0</td>
</tr>
</tbody>
</table>

**Losses in US$ billion - 2002 values**

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
- Pospelion 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