Forum for Insurance Transition

November 2025

COP30 Insurance Communiqué: Insuring the Transition

How the insurance industry can preserve its long-term future and continue to service the market in the face of the climate and nature crises, and strengthen its contribution to a just transition to inclusive, resilient and sustainable communities and economies

1. Rising impacts, rising costs

- Climate change and nature loss impacts are increasingly visible and economically and socially damaging across every region of the world, affecting both developing and developed countries.
- In 2024 alone, global economic losses from natural disasters reached USD 368 billion, the ninth consecutive year in which they exceeded USD 300 billion.[1] There is little doubt that economic losses are increasing and will increase further if the emissions and adaptation gaps persist, and if natural ecosystems that build resilience to storm surge, floods, hurricanes and extreme heat, and store carbon, continue to be destroyed or degraded. Indeed, we have already breached 7 out of 9 Planetary Boundaries, weakening the planet's natural resilience.[2] Multiple climate tipping points pose catastrophic risks to billions of people, with warm-water coral reefs already crossing their thermal tipping point and experiencing unprecedented dieback, threatening the livelihoods of hundreds of millions who depend on them.[3] This highlights hard limits to adaptation—points beyond which no further adaptation actions are possible.
- For generations, the insurance industry has engaged with various societal actors, playing a vital role as society's risk manager—from understanding, preventing and reducing risk; to pricing and carrying risk, absorbing financial shocks, and enabling recovery. As climate change and nature loss impacts grow, the insurance industry—alongside the wider financial community, policymakers, regulators, corporates and civil society—has an essential role to play in building inclusive, resilient and sustainable communities and economies. Access to affordable insurance and well-functioning insurance markets is also an essential foundation of the financial system that underpins the real economy. As investors, the industry has a key role to play in allocating capital that supports a just transition to a resilient net-zero and nature-positive economy, and in derisking the transition across sectors as underwriters to scale up financing and investment flows towards both adaptation and decarbonization.
- Across developing and developed countries, individuals and households are already confronted with a cost-of-living crisis. In the Global South, where there is already a chronic and acute lack of access to insurance, the climate crisis is perpetuating both the cost-of-living crisis and the debt crisis. Climate-related disasters have wiped out one-fifth of the combined GDP of member countries of the Vulnerable Twenty Group of

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[1] Aon (2025): Climate and Catastrophe Insight

[2] Planetary Boundaries Science (PBScience). 2025. Planetary Health Check 2025. Potsdam Institute for Climate Impact Research (PIK), Potsdam, Germany.

[3] Global Tipping Points (2025): The Global Tipping Points Report 2025

Ministers of Finance (V20) over the past two decades.[4] In some developed countries repeatedly hit by extreme weather events such as floods and wildfires, insurance coverage is increasingly becoming unaffordable and, in some areas, already unavailable. In parallel, asset values can be affected by physical and transition shocks, weakening the resources available for insurers to pay claims. In 2024, around 60 percent of natural disaster losses were uninsured, leaving an insurance protection gap of around USD 223 billion.[5] It can also be expected that the adverse impacts of climate change and nature loss on human health will likely widen the health insurance protection gap of about USD 800 billion.[6]

- On current policy settings, this insurance protection gap can be expected to grow as new risks emerge due to climate change and nature loss and as markets reprice heightened risk, making insurance less affordable to many households, businesses and governments, and potentially unavailable.
- In many developing countries and many low-income communities in developed countries—often the most exposed and vulnerable to climate impacts—insurance penetration and density remain shallow. Expanding affordable coverage must be an essential part of financial inclusion, climate resilience and sustainable development, complementing international efforts to mobilize finance for resilience, adaptation, and loss and damage.
- Key sectors such as agriculture, highly vulnerable to extreme weather, will depend more than ever on effective insurance solutions to adapt to climate change, sustain lives and livelihoods, ensure food security, and enable farmers to access credit. But the sector also faces the prospect of less affordable coverage. Insurance is also essential to support the transition to regenerative and sustainable agricultural practices.

2. Growing insurability challenges and systemic risks

- A growing number of policymakers, insurers, financial institutions, financial regulators and supervisors and civil society organizations are warning of a looming global insurability crisis, that the growing insurance protection gap is already having knock-on effects on property markets and credit access and could become a channel for wider financial instability.
- Insurance serves as a foundation for economic activities. Without insurance, it would be difficult for many economic activities across sectors and within communities to take place or to be financed. If insurance is no longer available, other financial services such as mortgages and loans also become unavailable, impacting various sectors such as housing, agriculture, MSMEs, industry, infrastructure, and transportation. In short, what is not insurable is not bankable and not investable. A global insurability crisis will present a systemic risk that threatens the very foundation of the financial sector that underpins the global economy. It will exacerbate socio-economic vulnerability and undermine climate action and sustainable development.

[4] V20 (2022): Climate Vulnerable Economies Loss Report: Economic losses attributable to climate change in V20 economies over the last two decades (2000-2019)
[5] Aon (2025): Climate and Catastrophe Insight
[6] Global Federation of Insurance Associations (2023): Global protection gaps and recommendations for bridging them

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3. The insurance industry's triple role

- The insurance industry has been helping society address climate risks as risk managers, risk carriers, and institutional investors.
- **As risk managers**, insurers help communities manage climate risks through risk research and analytics, risk modelling, and loss prevention measures. Insurers are increasingly conducting forward-looking risk analysis—particularly the use of climate change scenarios—to better assess and manage climate-related physical and transition risks. Insurers advocate for improved public policies which support climate and disaster risk reduction. These include more effective land-use planning, zoning and building codes, ecosystem-based adaptation, early warning systems, disaster preparedness, and climate-sensitive disease and health risk management systems.
- **As risk carriers**, insurers protect households, businesses and governments by absorbing financial shocks related to more frequent and more severe weather events through a range of risk transfer solutions, such as climate risk insurance for homes and crops, health insurance, business interruption insurance, catastrophe bonds, and ecological restoration insurance.
- Around the world, governments are increasingly stepping in as de facto insurers of last resort. But these interventions are typically improvised, uncoordinated, and ex post, making them more costly and less effective. It also means questions of fairness in how costs are distributed are rarely addressed. There is a pressing need to address these risks in a more systematic way—one that gives proper consideration to equity, efficiency, and sustainability in how risks are managed and shared. This requires striking the right balance between solidarity and fair risk sharing, avoiding moral hazard, and incentivizing risk reduction rather than just paying for losses after the fact. In this regard, through risk-based underwriting, insurers send important risk signals that incentivize risk reduction such as making homes flood resilient, using drought-resistant crops, and carrying out landscape-scale ecological forest management to reduce wildfire risk. Furthermore, regional insurance facilities in Africa, the Caribbean, the Pacific Islands, and Southeast Asia, as well as the V20 Sustainable Insurance Facility and the Global Shield against Climate Risks, show that public-private partnerships are possible and essential to building greater resilience.
- Equally, insurers are increasingly choosing to derisk assets and activities that are driving decarbonization—from the rapid expansion of renewable energy, zero-emission transport, energy storage, and electrification of industry, through to green buildings, green hydrogen, and nature-based solutions such as forests and wetlands which store carbon and build climate and disaster resilience. Insurers are starting to engage with their corporate clients on their decarbonization pathways and transition plans, and to support the technological and business model risks associated with the transition to a net-zero and nature-positive economy (e.g. transitioning to sustainable farming). Insurers are increasingly electing to implement underwriting policies and criteria on high-emitting and emissions-intensive assets, activities and sectors (e.g. fossil fuels, deforestation) and adopting more sustainable claims management practices (e.g. repairing instead of replacing damaged parts, using sustainable materials for rebuilding) to reduce emissions, protect nature, prevent pollution, and promote a circular economy.

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- **As institutional investors**, the insurance industry has about USD 40 trillion in global assets under management.[7] Insurers are increasingly engaging with their investee companies on their decarbonization pathways and transition plans. Insurers are also increasingly choosing to invest in zero and low-emission infrastructure, technologies and transportation, sustainable agriculture, nature-based solutions, and climate and disaster-resilient infrastructure.
- Furthermore, insurers are starting to develop and disclose their own transition plans for their underwriting and investment portfolios, with initiatives such as the UN-convened Forum for Insurance Transition (FIT) producing pioneering global guidance on insurance-specific transition plans, including a total balance sheet approach linking insurers' underwriting and investment portfolios.

4. Towards a more systematic approach

- Despite ongoing progress and initiatives, a more systematic approach is needed to recognize that climate-related risks cut across governments, insurers, the wider financial community (e.g. lenders, investors), central banks and financial supervisors, corporates, civil society, and international organizations. All these actors are affected, and all must be involved in shaping solutions. Such an approach entails four things:
- First, building a shared evidence base. At present, we lack a comprehensive understanding of what climate risks mean for different sectors and regions, how they will evolve under alternative warming pathways, and what the fiscal, macroeconomic, and distributional consequences will be. Without this knowledge, it would be difficult for policymakers to plan effectively and for financial supervisors to anticipate systemic risks, and opportunities for insurance to support adaptation and unlock investment are missed.
- Second, in many countries, there is widespread lack of skills, capabilities and coordination in governments to systematically and assess and manage climate-related risks across municipalities, cities, provinces and states. This fundamental problem must be addressed to drive greater coordination and effectiveness, to reduce costs, and to enhance public-private partnerships.
- Third, the triple role of the insurance industry as risk managers, risk carriers, and investors in supporting climate resilience and decarbonization, protecting and restoring nature and biodiversity, and promoting social and financial inclusion is generally not recognized and articulated in global policy frameworks on climate change, nature and biodiversity, and sustainable development. Accordingly, this triple role is not integrated into countries' Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and National Biodiversity Strategies and Action Plans (NBSAPs). This is why countries, cities and communities are unable to harness the full role of the insurance industry in supporting inclusive, resilient and sustainable development.
- Fourth, ensuring fairness and sustainability in how risks are shared. Residual climate risks will inevitably fall somewhere—on households and businesses, insurers, or taxpayers. Without deliberate frameworks, these burdens are distributed in ways that entrench inequality and weaken incentives for loss prevention. A more systematic

[7] TheCityUK (2025): Key facts about the UK as international financial centre 2024

approach can help ensure that insurance markets remain affordable and that fiscal liabilities are transparent and sustainable, and can also limit moral hazard.

5. Recommendations

COP30 provides an excellent opportunity to put a more systematic approach in motion. We recommend creating an **International Taskforce on Climate Resilience and Transition Insurance**. This taskforce should bring together insurers, the wider financial community, finance ministries and other relevant government ministries, central banks and financial supervisors, corporates, civil society and international organizations to take forward this agenda. Its mandate should include:

- **Mapping risks and protection gaps.** Assess and map climate-related risks, losses, and insurance protection gaps across regions, sectors, and income groups under different climate change and nature scenarios. Clarify how risks are currently absorbed—by governments, insurers, businesses, or households—and where they are left unmanaged. The findings must be treated as a global public good, available to all governments, regulators, market participants, and the general public, rather than confined to private analyses or proprietary datasets. Such an assessment would help provide the missing evidence base to support effective, fair approaches to risk sharing; inform public–private partnerships and fiscal planning; help insurance markets play their full role in building inclusive, resilient and sustainable communities and economies; and enable communities to make informed choices about the risks they face. We also encourage the next Intergovernmental Panel on Climate Change (IPCC) assessment report to include a dedicated chapter on the global economic and financial risks of climate change and their implications for insurance systems.
- **Guiding policy frameworks.** Provide practical guidance to finance ministries and regulators on how to incentivize loss prevention, strengthen insurance markets, and design fairer, more sustainable approaches to risk sharing. This should include the integration of climate-related contingent liabilities into fiscal planning and debt sustainability frameworks, as well as support for governments to incorporate the triple role of the insurance industry as risk managers, risk carriers and investors into their NDCs, NAPs and NBSAPs.
- **Building capacity and driving solutions.** Strengthen the capabilities of governments, finance ministries and supervisory bodies, many of which currently lack the mandate, data, or expertise to address these risks systematically. This includes creating shared metrics and early warning systems for when insurance withdrawal poses systemic financial stability risks. We also encourage governments to create a central, coordinating role at the national level—such as a country risk officer—who will be responsible for strategic oversight of climate and disaster risk reduction and the systematic assessment and management of risks at all levels—from municipalities and cities; to provinces and states. A country risk officer is essentially the equivalent of a chief risk officer in the corporate world, but with a public face. A country risk officer could serve as the primary person or office to lead and coordinate climate and disaster risk reduction efforts nationwide, spanning risk identification, quantification and modelling; risk prevention and reduction; and risk transfer solutions.
- **Mobilizing transition insurance and finance.** Explore policies that might incentivize insurers to contribute more directly to insuring and financing the clean energy

transition, the nature-positive transition and resilient infrastructure through their underwriting practices that shape the cost and availability of capital across sectors, and through their role as institutional investors. Some insurers have already chosen to align their underwriting and investment portfolios and practices with the goals of the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework. This needs to become the standard across the industry.

- **Fostering modelling, product and market innovation.** Set up the right enabling environment to support the development and scaling of catastrophe risk models that integrate climate change and nature, and of risk transfer solutions (both indemnity-based and parametric)—such as catastrophe insurance, inclusive insurance, insurance-linked securities, blended public–private schemes and regional risk pools—that can expand affordable and sustainable coverage, particularly in underserved markets.
- **Ensuring equity and affordability.** Identify policy approaches to make insurance accessible and affordable for vulnerable households, marginalized communities, MSMEs, and critical sectors such as agriculture, while avoiding arrangements that entrench inequality or weaken incentives for loss prevention.

We believe that these recommendations will advance a systematic whole-of-society, whole-of-economy approach to climate resilience and decarbonization, enable all stakeholders to better understand and reduce risk, foster innovative risk transfer solutions, improve insurability, and support a just transition to inclusive, resilient and sustainable communities and economies.

The recommendations of this COP30 Insurance Communiqué and future communiqués could be taken forward by the proposed International Taskforce on Climate Resilience and Transition Insurance. Every year, the taskforce can report on the progress of implementing the recommendations, and provide new recommendations as necessary, building on initiatives already underway.

About the Forum for Insurance Transition

The Forum for Insurance Transition (FIT) is a structured dialogue and multistakeholder platform led and convened by the United Nations to support the necessary acceleration and scaling up of voluntary climate action by the insurance industry and key stakeholders. The Convenor, Chair and Spokesperson of the FIT is the United Nations Environment Programme (UNEP), which provides and serves as the Secretariat.

The FIT works with insurance market participants (e.g. insurers, reinsurers, re/insurance marketplaces) and engages with insurance regulators and supervisors, sustainability standard setters and initiatives, the scientific and academic community, civil society, and other key stakeholders (e.g. sustainability disclosure initiatives, real economy actors).

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