



InsuResilience

Solutions Fund

Transforming strategies
into climate risk
insurance products



KFW



Federal Ministry
for Economic Cooperation
and Development



Frankfurt School
of Finance & Management
German Excellence. Global Relevance.



InsuResilience
GlobalPartnership

The InsuResilience Solutions Fund (ISF)

The ISF supports the development of innovative and sustainable climate risk insurance products in developing and emerging countries to improve the resilience against extreme weather events of those living on less than 15 USD PPP¹ a day.

The ISF provides partial grant funding of up to EUR 2.5 m and advice

- to transform new climate risk insurance concepts into products ready for market placement
- to bring successfully piloted climate risk insurance products to scale
- to improve and scale up insurance operations with technological solutions, e.g. through satellite technology.

The unique approach of the ISF

It catalyses the formation of partnerships between public entities (e.g. national or regional government bodies), NGOs², humanitarian organisations and private companies in the insurance sector to ensure the demand and sustainability of products and to leverage private sector expertise as well as risk-taking capacities.

Applicants

The ISF will only provide financing to partnerships which consist of at least

- a user, representing the demand side (e.g. national or regional government bodies, NGOs, local insurers) and
- an implementing partner and potential risk taker, representing the supply side (e.g. re/insurance company).

Further parties, e.g. other product implementing partners such as risk modelling agencies, insurers and brokers, can additionally be involved.

¹ Purchasing Power Parity

² Non-governmental organisations

The ISF – how does it work?

**Federal Ministry for Economic
Cooperation and Development (BMZ)**

provides funding through **KfW** to



**InsuResilience
Solutions Fund**

provides partial grant funding and advice to

Partnerships

User

e.g. NGOs, governments,
insurance companies etc.

+

Implementing Partner

e.g. international (re)insurers,
modelling agencies, brokers etc.

for the development of

Climate Risk Insurance Products

against the impact of



Natural Disasters



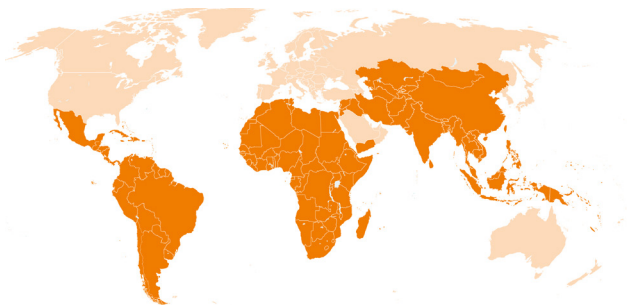
in order to protect

Poor and vulnerable people
in developing and emerging countries



Target markets and groups

- Poor and vulnerable households (<15 USD PPP per day)
- Countries in Latin America, Africa and Asia which are eligible to receive official development assistance (ODA)³ and are threatened by extreme weather events.
- Countries that are official candidates for accession to the European Union or beneficiaries of the European Neighbourhood Instrument East are considered to be non-eligible for ISF funding.



ODA Countries

Core eligibility criteria

- Perils: flood, wind/storm, excess rain, drought/heat wave, cold spell (possibly in combination with other perils)
- Focus on poor and vulnerable households (< USD 15 PPP per day) either directly (through micro-level solutions) or indirectly (through meso- or macro-level solutions)
- A risk-taking partner generally willing to underwrite the risk is part of the partnership.
- The product is ready for market placement and launch within 24 months after the funding approval.
- A business plan exists for the development phase containing reliable cost estimates, a time table and work plan.
- The partnership provides an own contribution of 50% of the total development costs through a financial contribution, staff or other quantifiable inputs.

³ as defined by the OECD/DAC

Examples for development costs eligible for funding

- ✓ Development of new risk/hazard models
- ✓ Technical product design incl. actuarial risk characteristics
- ✓ Data collection and equipment
- ✓ Policy terms and pricing
- ✓ Legal costs, e.g. for the identification of a suitable implementation structure
- ✓ Sales and distribution channel development
- ✓ New technologies for product improvement and scale up

What ISF does not fund

- ✗ Early-stage development projects, e.g. research proposals
- ✗ Projects without a focus on the target group
- ✗ Unsustainable projects, e.g. relying on long-term subsidies
- ✗ Financially unstable or unexperienced partners
- ✗ Projects where the demand is unclear

Political background

The InsuResilience Solutions Fund (ISF) has been set up and is funded by KfW Development Bank on behalf of the German Ministry for Economic Cooperation and Development (BMZ). Frankfurt School of Finance and Management is commissioned by KfW to manage the ISF and to support its research and advisory activities.

It is a pivotal delivery channel of the InsuResilience Global Partnership, a joint initiative of the G20 and V20 to increase resilience amongst the most poor and vulnerable people. The aim of the ISF is to better protect vulnerable households against climate and natural disasters.

For more information about InsuResilience and the InsuResilience Global Partnership please visit:

www.insuresilience.org

Contact

For inquiries please contact:

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For details regarding the application process please visit:

www.insuresilience-solutions-fund.org



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