



A beautiful  
environment to you all!



Cora Claudio

# **INSURANCE FOR CLIMATE CHANGE ADAPTATION & RESILIENCY: THE PHILIPPINE CASE**

***Dr. Corazon PB. Claudio***  
**President, EARTH Institute Asia**  
**Chair, MAP CCSD Committee**  
**Team Leader, TOWNS IC3**

# ***The Philippines: A Situationer***

**7000+ islands: 30 M hectares of land  
34 km coastline**

**1 of 17 mega diverse countries –  
but a hotspot**

**3rd most disaster-prone country**

**PhP B/yr losses from disasters**

**causing economic set-back: 0.5% of GDP**

**13% of Filipinos w/ life/accident insurance**

**About 281,252 farm workers**

**& agri products are covered by insurance**

# ***PHILIPPINE AGRICULTURE***

- **1/3 of land area - 9.6 M hectares**
- **Main crops: rice, corn, sugarcane, coconut, pineapple**
- **<12 % contribution to GDP**
- **1/3 of total employed people**
- **Involves marginalized population**
- **Poor technological capability**



# ***INSURANCE IN AGRICULTURE***

## ***MAIN STAKEHOLDERS***

- **Beneficiaries**
  - **Farmers & fisherfolks**
  - **Special group: Agrarian Reform Beneficiaries**

- ***Organizations in Policy, Decision Making, & Regulation:***

- **Phil. Council for Sus Dev (PCSD)**
- **Climate Change Commission (CCC)**
- **National Disaster Risk Reduction & Management Council (NDRRMC)**
- **Insurance Commission**
- **Depts. of Agriculture & Agrarian Reform**
- **Dept of Environment & Natural Resources**



- **Insurance Industry**

- **Phil. Crop Insurance Corp (PCIC)**

- **Insurance Companies: MicroEnsure, Cocolife**

- **Other Related/Supportive Industries**

- **Mutual Benefit Associations (MBAs)**

- **Micro Finance Institutions (MFIs)**

- **Banks & financial institutions**

- **Providers of technologies**



- **Academic & Research Orgs:** Dept of S&T (DOST), Universities & colleges, Ex: Univ. of the Philippines
- **Multilateral & Bilateral Orgs:** ADB, WB, GIZ, USAID
- **NGOs - Intl & Local:** Oxfam, Inst for Climate & Sustainable Cities, etc. CLIMBS, RIMANSI  
Mgt Assn of the Phil (MAP), EARTH Inst Asia, TOWNS Fdn, etc.

# ***A Proposed Strategy for Addressing Risks***



Cora Claudio

**Risk Communication: Purposeful  
exchange of information among  
various parties**

**Noteworthy Initiatives, Strengths**

- **IEC Programs of CCC, PCIC, Microensure, CLIMBS, Rimansi, etc.**
- **MAP-EARTH-TOWNS - PPP Program, Information Caravan on CC (IC3)**
- **Book on "CCA: Best Practices in the Phil" - w/ 100 orgs & EARTH & MAP support, published by the DENR w/ MDGF grant**

# climate change adaptation

BEST PRACTICES  
in the  
PHILIPPINES

climate change adaptation

BEST PRACTICES in the PHILIPPINES



**MDG.F**  
MDG ACHIEVEMENT FUND  
2005-2015: Strengthening the Philippines  
Institutional Capacity to Adapt to Climate Change



**MDG.F**  
MDG ACHIEVEMENT FUND  
2005-2015: Strengthening the Philippines  
Institutional Capacity to Adapt to Climate Change

## ***Barriers, Weaknesses***

- **Inadequate IEC activities & support**
  - **tough-to-understand concepts & terms**
  - **poor/no risk data & issues of reliability, accessibility**
  - **limited reach of target beneficiaries & potential sources of support (e.g., LGUs)**
- **Sociological barriers: beliefs, perceptions, cultural norms**

## **Risk Assessment:**

***What can go wrong? How likely is it to occur? What will be the outcome?***

### ***Noteworthy Initiatives, Strengths***

- **CCC with GGGI: Local GG Dev Plans w/ socioecological profiling, vulnerability assessment, dev. of GIS, ecosystems evaluation & natural resource accounting**
- **PCIC: Risk classification of rice & corn areas based on loss ratio, Ex: Low for loss ratio <50%**

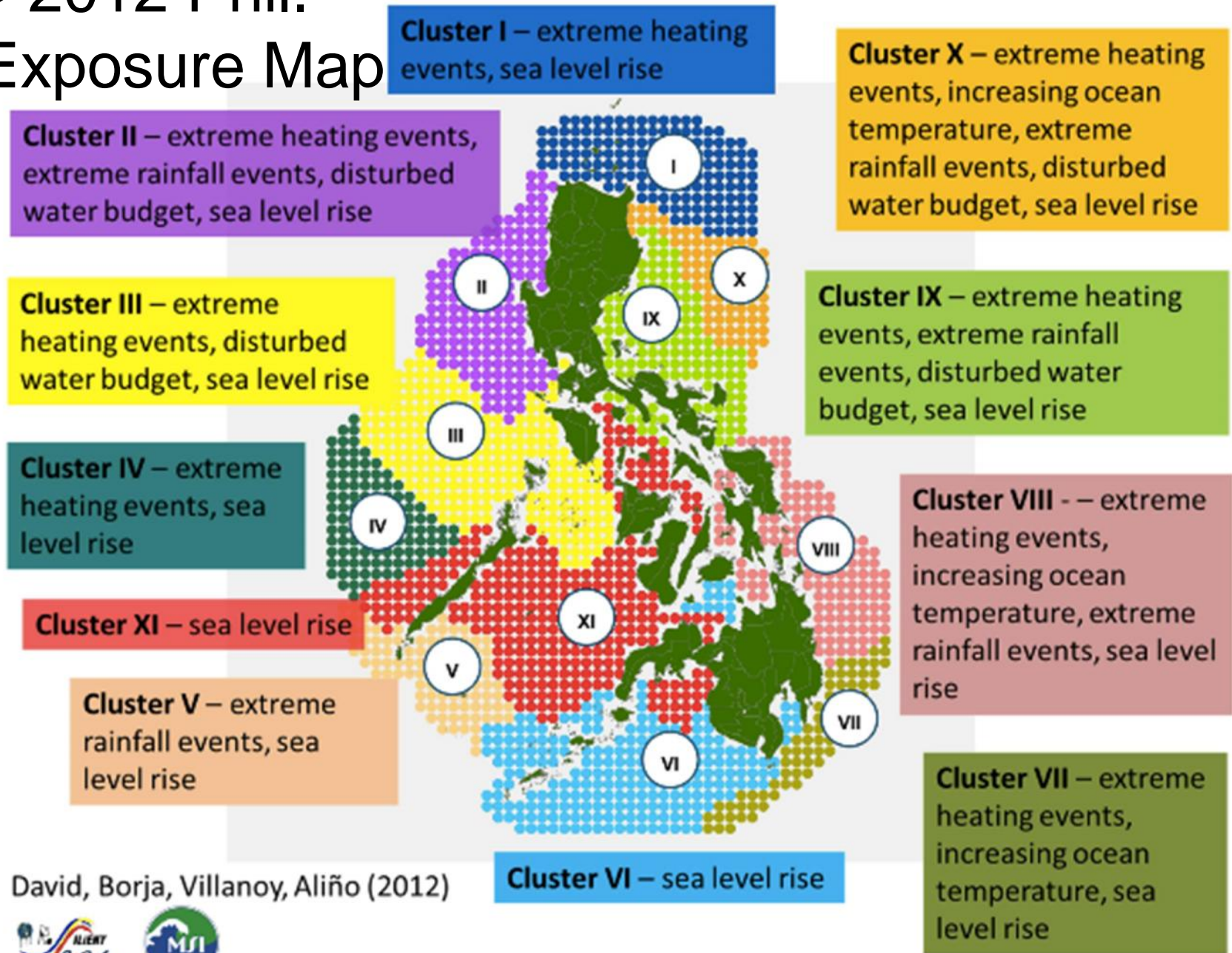


## ➤ CC Vulnerability Assessment & mapping: Study of IDRC Singapore





# ➤ 2012 Phil. Exposure Map



## ***Barriers, Weaknesses***

- **Lack of experts - on risk, sociological dimension**
- **Lack of scientific but adaptable analytical tools & techniques**

**Risk Management: Deciding what to do where risk exists & taking action based on goals & stakeholders' considerations**

***Noteworthy Initiatives, Strengths***

- **Institutional dev.: CCC, PCIC, Agric. Guaranty Fund Pool (DA w/ Land Bank)**
- **Creation of laws & plans: CC Act-enabling env for risk-sharing & transfer, National CCA Plan, DRRM Act of 2010 - calamity insurance as disaster risk mgt strategy, requires 30% of LGUs DRRM Fund for quick response**

- **Participation of private sector: business companies & NGOs**
- **Presence of supportive groups: MFIs, Academic, Multilateral/Bilateral Orgs, etc.**
- **Several types of insurance products from PCIC & private cos: Life & accident, property, calamity, crop insurance, special insurance, parametric-based insurance:**
  - ✓ **Weather Index-based (WI)**
  - ✓ **Area-based Yield Index Insurance (ARBY)**

- **Support of: WB & ADB w/credit facility**
- **Improvement of systems & procedures:**

***Example: science & technology-based  
Conservation Farming Villages (CFVs)  
in 16 upland barangays - by DOST-  
PCARRD & UPLB***





## ***Barriers, Weaknesses***

- **CCA & Disaster Risk Mgt - "differing approaches on convergence/divergence"**
- **Insufficient affordable insurance products**
- **Lack of credible historical crop damage data**
- **Lack of regulatory FW for microinsurance, WII & other parametric insurance types**
- **Inability of farmers & fisher folks to pay insurance premium cost**



- **Lack of technology & local monitoring stations for weather parameters**
- **Conflicting views on need for reinsurance**
- **Private sector's issue on absence of level-playing field: PCIC is subsidized while private companies are taxed**
- **Lack of access to credit for farmers**

# NEEDED ACTIONS

- **Apply: IRCAM Strategy**
- **Increase PPP on - RC, RA, RM**
- **RC**

***Localize concepts & terms***

***Use science-based info***

***Develop risk profile per community &  
share through a common platform***

# Example: Use Google Platform



***Integrate CCA & risk concepts in the  
field/extension work of DA, DAR,  
DENR***

***Make farmers understand that CCA is  
related to reforestation, etc.***

- **RA:**

***Conduct scientific and more rigorous risk assessment***

***Develop scientific but adaptable RA tools & techniques***

- **RM:**

***Develop policy and regulatory FW for parametric & micro insurance***

***Review reinsurance costs & benefits***

***Relate insurance to other financial measures,  
e.g., microfinance &  
gov't assistance programs, e.g., CCT***

***Increase risk financing support from***

***Nat'l gov.- relate to DSWD's CCT, Local  
government units, Banks & financial institutions,  
Farmer groups & coops***

***Design improved insurance products to cover  
other climate change risks – e.g., extreme  
heating events***

- *cover more crops (esp. coconut)*
- *provide incentives for reduction of premiums, e.g., reduce premiums for zero/low claims*
- *consider different types of group insurance*



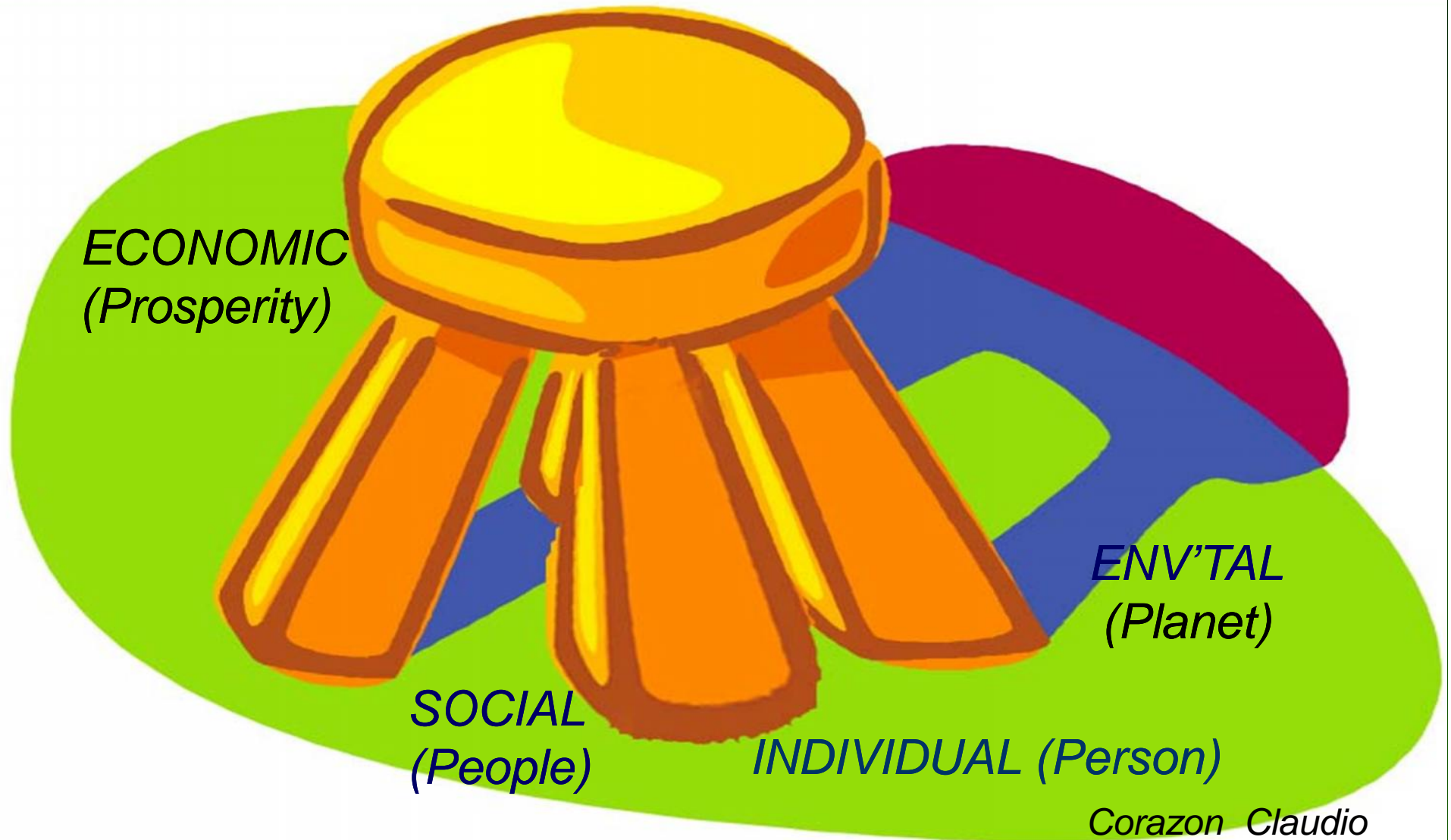
- *Continue improving claims processing systems & localize*
- *Consider other risk mgt measures to complement insurance, e.g., additional livelihood assistance since crop replacement takes time & other resources*
- *Establish more AWMS throughout the country, esp. in rural communities (Encourage telcos to participate in this work.)*

-

***Encourage universities & colleges to teach probability theory to all students, integrate risk & decision analysis in most courses, & offer courses on climate change risk management***

***Most importantly: Consider & apply/scale up risk transfer/insurance & all other risk management measures within the context of inclusive sustainable development***

# *Sustainable development:* *Our expanded view*



# ***CCC's Eco Town Concept***



*Climate Change Commission*



The background features a large, dark green diamond shape pointing to the left, set against a lighter green background. A vertical yellow bar is on the far left. The text is centered within the diamond.

***Maraming salamat!***