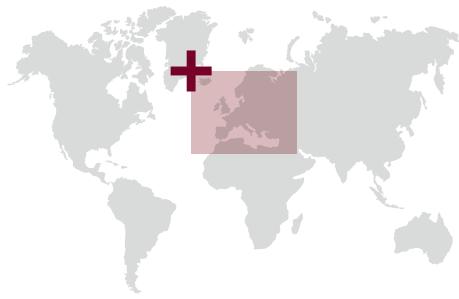


Insurance Loss Data Sharing Projects for Climate Resilient Municipalities



AT A GLANCE

Name

Insurance Loss Data Sharing Project for Climate-Resilient Municipalities

Duration

September 2013 – February 2015

Focus area

Norway

Target group

Municipalities

Funds available

by Finance Norway with 1 million NOK (110.000 euro) and the Ministry of Climate and environment with 260.000 NOK (30.000 euro).

The project is jointly implemented by ...

Finance Norway, Western Norway Research Institute, Department of Geography at the Norwegian University of Science and Technology (NTNU), Municipalities

The core objective is ...

to offer invaluable insights on how insurers, local and national governments, academia and international organizations can collaborate to reduce climate and disaster risk and promote risk-informed development planning



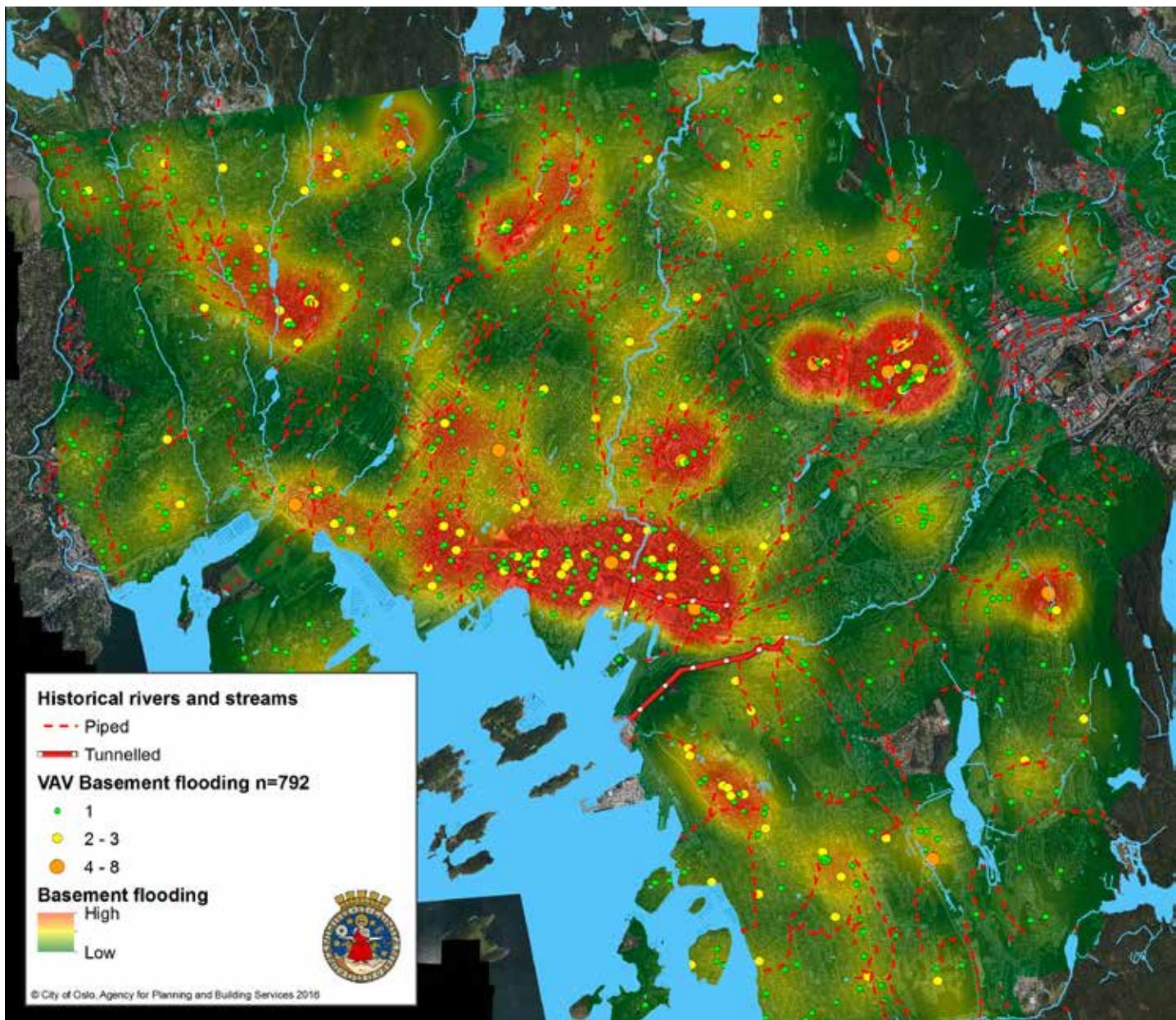
BACKGROUND

Heavy precipitations leading to an increase in damages and insurance claims, timeworn water and sewage infrastructures, frustrated policyholders due to repetitive damage often in the same location and liability issues have triggered the commencement of the loss data sharing project in Norway.

Since 2009, climate change risk and adaptation has been high on Finance Norway's agenda. In 2010, a report mandated by the Norwegian government suggested the establishment of a national loss data base with insurance loss data for preventive measures and research. To address the problem this project is the first public-private partnership of its kind. It is a collaboration involving the non-life segment of Finance Norway, insurers,

Western Norway Research Institute, the Department of Geography at the Norwegian University of Science and Technology (NTNU), and ten municipalities.

The project's overall goal was to assess whether having access to disaster loss insurance data could strengthen municipalities' capacity to prevent and reduce climate-related losses. Additional goals were to develop a method to use disaster loss data from insurers, outline the structure of a future system to use disaster loss insurance data as well as to strengthen the trust between municipalities, state agencies and insurers on prevention and reduction of climate-related losses.





APPROACH

The project entailed carrying out trials in a group of municipalities. Finance Norway collected and organised disaster loss data from various insurers. Western Norway Research Institute and NTNU were involved in the project from the start and were tasked to transmit the data to municipalities, to advice on how to import and analyse the data as well as to implement the tool into the municipalities' own systems. Ten municipalities participated in the project, although one eventually withdrew. Together with Finance Norway and insurers, various government agencies (e.g. local and regional authorities, civil protection, climate, environment, water, energy, meteorological institute) supported this project.

Each municipality received a subset of insurance loss data representing historical events that had taken place within their respective jurisdictions over the last 10 years. The insurance penetration rate being almost 100%, the loss data is undeniably comprehensive and, hence, valuable for municipalities. The municipalities geocoded the data to make them better suited for spatial planning, especially for land use and water and sanitation.

Challenges

- The novelty of the project.: The project is unique in the sense that it was the first time that the insurance industry launched such a dialogue with municipalities. This entailed the need to develop a partnership with municipalities based on trust, willingness to cooperate and commitment to the project. Municipalities did not necessarily have the budget anticipated for such a project and the insurance industry had to agree on a common format for this data to be gathered and transmitted within a coherent framework.



- The data commercial sensitivity: Loss data is data that is meant to be for insurers' internal use. It represents one of the main source of information on which insurers rely to undertake their core business. It is commercially sensitive information that is not meant to be shared. In order to overcome this challenge, an internal project group, made of some of the largest insurance companies in Norway, was setup. This project group engaged the Finance Norway's Board to finance a pilot project to first test the usefulness of the loss data sharing with municipalities (on asset level).
- The data protection regulatory framework: The project had to be brought to the attention of the national data protection authority considering that municipalities needed loss data on an asset level.

OUTCOMES

Municipalities found it beneficial to have access to disaster loss data from insurers as it strengthens their risk management capacity in various ways. It provided with new insights into risks.

Overall, the project also provided a basis for better collaboration between municipalities and the insurance industry, a better understanding of risks, and how climate risks affect communities.

The municipalities are now enabled to prioritise management, maintenance, rehabilitation, and reinvestment in the hot spots areas, based on the data received. There is now evidence that a

diminution in climate-related losses has been registered in areas where prevention measures have been implemented based on the loss data received from the insurance industry.

The project has considerably raised awareness on climate change and improved knowledge of how climate change affects society. This has, in turn, led to numerous research undertaken linked to risk factors, risk awareness, risk management and risk prevention. Some of these studies have notably been funded by the Norwegian Agency of Environment.



LESSONS LEARNED

1. The project highlighted that land-use planning is one of the most important tools for municipalities to prevent and reduce disaster risk. Without the loss data, it is now apparent that municipalities are not in a position to undertake comprehensive sustainability and vulnerability assessments. Municipalities need to have an overview of natural hazard risks and link this information to existing infrastructure to have a holistic risk picture and act accordingly.
2. The project has also demonstrated the value of collaboration. Open dialogue between the insurance industry, municipalities and various authorities, building trust and understanding of various challenges and opportunities happened to be the key succeeding factor for this project.
3. Regarding the sensitivity of the information, it was concluded by the data protection authority that this data does not represent personal sensitive information. In addition, the authority stated that loss data sharing would benefit society in general for this project. However, in the future there has to be some change in the regulation.
4. It has also become apparent that many questions still need to be discussed, in order to further decrease climate-related losses. For instance, this data should not only be shared with municipalities but also with anyone involved in land planning and maintenance including local governments, architects and urban project managers. It is acknowledged that such an expansion would likely raise new challenges.

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November 2017

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This publication has been prepared by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the Munich Climate Insurance Initiative (MCII) in the frame of the project "Promoting Integrated Mechanisms for Climate Risk Management and Transfer" funded by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB). The information in this publication is solely based on the project documentation provided by the project implementer(s).