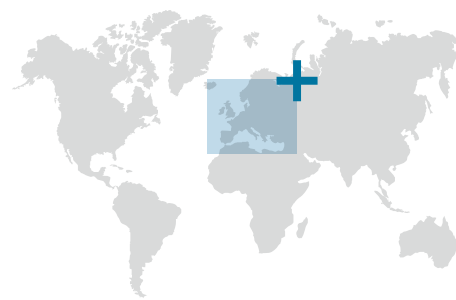


IN FOCUS: PUBLIC PRIVATE PARTNERSHIP



SUBJECT

Sustainable insurance solutions for climate risk requires a joint effort of both the public and the private sector: the partners need to cooperate and commit to facilitating a development process.

Private insurance companies design appropriate insurance products, establish administrative processes and carry the risk. They invest financial and human resources, and commit themselves to the agricultural and climate risk insurance markets. Government support that goes beyond creating an enabling regulatory environment can be critical to the sustainability of such systems.

Disaster Risk Reduction Insurance (DERRIS) is meant to build and test an innovative form of public-private partnership between the following players to boost community protection and resilience to reduce the risks caused by extraordinary weather events

- Public institutions are in charge of managing the territories;
- Insurers have specific knowledge and tools on how to prevent, manage and transfer risks;
- Businesses need to be protected against the impacts of extreme weather events.

CHALLENGES

The Mediterranean region is expected to face particularly negative climate change impacts over the coming decades. However, various studies have demonstrated that:

- more than 80% of Italian municipalities are located in areas exposed to hydro-geological risk and in 51% cases there are industrial facilities in the areas exposed to high floods and landslides risks (Source: Legambiente).
- The damage caused by extreme weather events have high impacts on economic stability and growth of the hit areas. Indirect damages are on average 2,5 times higher than direct damages (Source: European Insurance Committee).
- Italy is characterized by an insufficient insurance coverage against natural hazards and a lack of incentives to prevent and reduce disaster risk;
- 90% of SMEs obliged to suspend production longer than a week fail within one year (Source: AIBA).
- at global level, Italian SMEs are among those that most underestimate impacts of extreme weather events on their business (Source: Zurich).



While SMEs represent the vast majority of the Italian economy (including 80% of its workers), they do not have adequate risk assessment tools for climatic hazards and have limited resources to invest in resilience measures.

SOLUTION

Transfer of knowledge and awareness raising

Technical support and training sessions were provided to the Public Administration and SMEs by insurers and an academic consortium specialized on providing vocational training on integrated business risk management:

- Organisation of training sessions for SMEs and municipalities to provide knowledge on the instruments to prevent and manage climatic risks and emergencies.
- Technical support to help SMEs to set their companies adaptation action plans.
- Creation of a user-friendly self-assessment tool that enables SMEs to understand which risks they are exposed to in the event of extreme weather events, and which solutions they could apply within their business to prevent damages.
- Setting of communication tools to favour the engagement of a wider number of SMEs and local public authorities (tutorial, video, leaflet for companies, web-training).

Implementation of public-private processes to boost community resilience

- Organisation of co-design workshops by the City of Turin (pilot municipality) together with businesses, business organisations and other relevant local stakeholders to define the contents of an industrial district adaptation plan;
- Setting of a seven-point resilience index to help SMEs reduce their vulnerability to climatic risks, analysing, not only their facilities, but also the whole territorial context in which they operate, in particular the role of the public administration.

LESSONS LEARNED

- It is key that local public administration keep leadership on climate adaptation actions in industrial districts. A strong commitment of municipalities was a key factor to get SMEs and business organisations to join the project;
- It is necessary to build a common language on risk prevention and management and on climate adaptation among the different players (public and private) to integrate the respective needs, knowledge and resources;
- An intense and pervasive action is needed from different players (insurers, public administration, business organisations) to raise the awareness of SMEs on the impact of climate on business continuity;
- Capacity-building and knowledge transfer from insurers to the public administration and SMEs is key to move from awareness-raising to the planning of interventions to prevent and manage risks.

Name of programme:

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Programme area

Italy

Name of component activity:

Climate Change Adaptation Project for SMEs and Municipalities

Cooperation:

Unipol Gruppo S.p.a, CINEAS, National Association of Italian Municipalities (ANCI), Local Agenda 21 Network, Municipality of Turin.

Implementing partners

Municipality of Turin, National Association of Italian Municipalities (ANCI), Local Agenda 21 Network

Target group:

Small business, municipalities

Documentation:

www.derris.eu

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DISCLAIMER

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