Synergy Solutions 2025

Closing the climate and disaster protection gap

RECOMMENDATIONS

Climate and disaster insurance is a powerful tool to build resilience and accelerate SDG progress. Yet, most losses remain uninsured, especially in vulnerable regions: **62% of global disaster losses are uninsured, and in Africa, coverage is just 0.5%**. Nature and financial systems are increasingly exposed, risking economic collapse. Integrated, inclusive, and pre-arranged risk financing aligned with social protection can close protection gaps, reduce losses, and support long-term sustainable development.

01 Integrate Disaster Risk Financing

Governments should embed disaster risk finance strategies into national budgets, NDCs, and SDG roadmaps to shift from reactive to proactive crisis management. **Proactive risk reduction can be up to 10 times more effective than post-disaster rebuilding.**

02 Layered Financing Strategy

Use a mix of ex-ante and ex-post instruments including contingency funds, sovereign insurance, and catastrophe bonds to manage risks of varying frequency and severity effectively.

03 Strengthen Insurance Regulation and Incentives

Foster enabling environments through regulatory frameworks that promote risk-informed behavior, improve access to capital, and mandate transparent and inclusive insurance practices.

04 Incentivized Insurance Pricing

Link premium structures to resilience-building investments, rewarding policyholders for proactive mitigation and integrating risk data into product design. **In 2022, only 2% of the $76 billion spent on disaster crisis financing was pre-arranged.**

05 Expand Inclusive Insurance Coverage

Scale up microinsurance and parametric models tailored to vulnerable communities. Support proportionate regulation and integrate inclusive coverage into broader resilience strategies. A **1% increase in insurance coverage moves countries 5.8% closer to achieving SDGs.**

06 Link Finance to Social Protection

Align pre-arranged financing instruments with adaptive social protection programs to ensure timely, targeted, and equitable disaster response.

07 Foster Multi-Stakeholder Coordination

Engage national governments, donors, insurers, and development banks in sustained collaboration to close the protection gap and enhance SDG synergies. **Direct extrapolation from existing initiatives indicates that an investment of $15-25 billion could provide coverage to an additional 3 billion people.**

For further information, please contact:
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