Meeting Notes:

Reimagining the Role of Insurance in Derisking Climate Finance

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De-risking Climate Finance: The Strategic Role of Insurance

This session examined how insurance can act as a bridge between **insurability** and **investability**, reshaping the climate finance landscape. Closing the climate finance gap in developing economies will require a fundamental shift in how risk is understood and managed. Participants highlighted that insurers are not only risk underwriters, but they are also long-term investors and market stabilizers capable of mobilizing significant capital toward climate and infrastructure projects.

Moving from dialogue to action requires testing partnerships, demonstrating scalable models, and embedding resilience at the core of investment. Collaboration between insurers, investors, and policymakers is essential to convert ambition into tangible capital flows for a just and resilient transition.

Integrating insurers to de-risk climate finance

Key insight: early engagement and alignment across the value chain are critical for insurers to support investability of climate projects.

- **Embed insurance expertise early:** Incorporate insurers' capabilities in risk modelling, engineering, and data during project design to identify, price, and mitigate risks at the very early stage of the project development.
- **Align stakeholders and create demand signals:** Governments, developers, insurers, and financiers should coordinate data, timelines, and risk frameworks, integrating resilience and insurance criteria into public tenders, procurement, and investment guidelines to normalize insurer involvement.
- **Prioritize climate-aligned risks**: Direct underwriting capacity toward sustainable assets that support a just transition, even as insurers are drawn to other sectors.

Turning risk knowledge into capital flows: data and policy solutions

Key insight: Regulatory and data limitations currently restrict insurers' full engagement. Addressing these barriers is essential to mobilize private capital.

- **Regulatory flexibility:** Reform frameworks to allow insurers to take on risk positions in blended finance and de-risking facilities while preserving financial soundness, enabling them to serve as both risk mitigators and long-term investors.
- **Data-driven decision-making:** Improve forward-looking climate risk data, price curves, and standardize methodologies, templates, and transparency to boost market confidence.
- **Translate risk into investor language:** Convert complex insurance and climate data into actionable insights for financiers to support better decision-making.

From safety net to growth engine: repositioning insurance

Key insight: Insurance should be viewed as a proactive enabler of resilience and market stability, not just a post-crisis safety net.

- **New scalable models:** Design frameworks that allow insurers to participate in de-risking facilities at scale while complying with solvency and prudential requirements.
- **Valuing resilience:** Move beyond traditional financial metrics to measure resilience dividends, systemic impact, and avoided losses.
- **Maintaining insurability as a public good:** Ensuring broad insurability is vital for sustaining economic stability amid rising climate risks.

Contact us

If you have any questions or would like to discuss the World Economic Forum's work on the role of the insurance sector in de-risking climate finance, please feel free to reach out to us.

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