

# FACT SHEET

## FINANCING AND INSURING NATURE-BASED SOLUTIONS



### How to finance, de-risk and insure Nature-based Solutions to climate and disaster resilience?

- Currently about 56% of climate finance comes from the private sector while for Nature-based Solutions (NbS), it is only 14%.
- The question of how to finance NbS is not only about finding resources. It is also about re-allocating budgets initially reserved for grey infrastructure, about redirecting 'perverse subsidies' (leading to degradation of ecosystems) towards NbS and about finding sustainable financial mechanisms that lend themselves to something that is difficult to value on the one hand and is an illiquid asset on the other.
- Blended finance and up-front insurance can help to de-risk investment into NbS.

## CASE STUDY

### Insurance for coral reef protection<sup>1</sup>

Healthy coral reefs are essential to the tourism industry of the Mexican state of Quintana Roo. They also provide coastal protection against storms and reduce beach erosion.

The Nature Conservancy (TNC), the Quintana Roo state government, the National Commission of Natural Protected Areas, insurer Swiss Re and other partners devised the concept of insuring the reef against hurricane damage in 2017.

The concept became reality when in 2019 the state government purchased an insurance policy from Mexico-based insurer Afirme Seguros Grupo Financiero SA de CV. The policy will be triggered if wind speeds above 100 knots are registered within the area covered. Up to US\$ 3.8 million will be paid out to repair hurricane damage, split of 50 percent for reefs and 50 percent for beaches.

<sup>1</sup> Sources: TNC, 2019a; <https://www.businessinsurance.com/article/20190607/NEWS06/912328933/Parametric-insurance-policy-to-cover-Mexico-coral-reef>

<https://www.swissre.com/our-business/public-sector-solutions/thought-leadership/we-insure-all-that-we-love-why-dont-we-protect-mother-nature.html>



A payout was triggered by Hurricane Delta when it hit Quintana Roo in October 2020. This enabled the stabilisation of uprooted coral colonies, and the collection and replanting of broken coral fragments, many of which will now grow as new coral colonies –in the days immediately following.

## LEARN MORE

### Online Course

- [Nature-based Solutions for Disaster and Climate Resilience](#)



### Reports/Guidance/Case studies

- [Concept Paper – introducing insurance to protect and enable nature-based-solutions](#)
- [Nature based solutions @ Swiss Re – collection of articles and short videos](#)
- [Biodiversity and Ecosystem Index - analysis](#)
- [TNC \(2019\): Strategies for operationalizing nature-based solutions in the private sector.](#)
- [European Investment Bank \(2019\): Investing in Nature: financing conservation and nature-based solutions.](#)
- [Words into Action Guidelines on Nature-based Solutions for Disaster Risk Reduction](#)

