Ulka Kelkar, Director, Climate Change Programme, World Resources Institute (India)
“The insurance industry has an absolutely crucial role to play in climate resilient development. First, by becoming more nimble in making payouts, it can help people bounce back faster from the shocks of extreme weather events and untimely weather events. Second, insurance premiums can be a very useful signal to prevent the build up of infrastructure in locations that are exposed to climate hazards. Third, the insurance industry needs to look at its own investments and choose low carbon rather than high carbon projects that could become underperforming assets.”

Dr Saon Ray, Visiting Professor, Indian Council for Research on International Economic Relations
"The insurance sector works as a mitigator of financial damage inflicted by untoward events and as a financial intermediary driving funds towards different investment avenues. The climate change risks facing India have the power to compromise both of these imperative functions that insurance plays in the broader economy. The Indian insurance sector faces various challenges such as low insurance penetration and density rates, low rural participation of insurers etc. The market for speciality risks such as natural catastrophes is largely underdeveloped in the country. For example, flood risk in India is quite pronounced but insurance companies bore less than 10 per cent of the actual losses during the Kerala floods in 2018. With the onset of new risks, new risk assessment models will also be need to be thought through, so as to best capitalise upon these opportunities. An area of concern that arises here is the ability of insurers to efficiently price these risks. India’s insurance sector has potential to grow further due to the underpenetrated nature of the market and low density."

Abinash Mohanty, Programme Lead, Council on Energy, Environment and Water (CEEW)
"IPCC's latest report calls for a pronounced focus on stepping up climate risk insurance, given the risks are set to breach all thresholds. CEEW research has found that more than 80 per cent of Indians live in districts vulnerable to climate risk. Innovative risk financing instruments have the ability to alter the degree of impact of climate extremities but we need to better identify and understand the evolving risk landscape. Integrating granular risk assessments is imperative since it will lead to risk-based pricing of assets and innovation in risk financing products. Further, it will ensure an effective risk transfer mechanism without high-priced premiums and underwriting. Not surprisingly, protecting investments at an asset- and sector-level through risk financing begins with the same science which informs us of the need for concerted climate action at a regional, national and global level."

Praveen Gupta, Former MD & CEO Raheja QBE General Insurance Co. Ltd. and Climate Change Enthusiast
“We are in the thick of a Climate Crisis. Its manifestations cannot be dismissed as Act Of God (AOG) or Natural Catastrophe (Nat Cat). The return periods of various

climate events are shortening. Hence the risk management, underwriting and pricing ought to be robust. Asset buildup and its aggregates, particularly in fragile geographies, needs to be watched and managed closely. Investments by insurers in anything that adversely affects humans, biodiversity and the environment in general must be avoided. Climate risks are evolving rapidly and getting increasingly complex. Retrospective pricing models will not work; risk modelling too needs to quickly catch up. Insurers will not have the luxury of working in silos. Insurers need to evaluate their portfolios from the perspective of Scope 1, 2, 3 emissions and ensure they are aligned to a Net Zero outcome. Last but not the least, insurers should have Environmental Societal and Governance (ESG) compliant boards."

Aarti Khosla, Director, Climate Trends
"In 2020-21, the maximum number of insurance claims out of the total in India were due to damages caused by Cyclone Amphan, which caused immense damage in Eastern India including West Bengal. Yet India has the lowest rate of insurance penetration across Asia. Insurance sector is evidently ill-prepared for short-term and immediate climate related risks, while we're not even discussing how to deal with multi-decadal changes like sea-level rise, heat mapping, drought etc, which is no longer a distant risk, but staring at us within 3-8 decades.

The agricultural insurance model has also proven how volatile the conditions in India are for the insurance sector to succeed. The latest IPCC report only corroborates India's increasing vulnerability to a range of physical risks from climate change which are projected to increase in intensity and compound into cascading disasters.

Last year, a climate risk assessment survey across small, large & medium industries in Maharashtra, including the insurance sector, revealed that nearly half feel the need to re-assess business models and planning, while more than a third blame climate for capital destruction. Six out of every ten want to de-risk from climate change, and develop successful risk-transfer mechanisms and pricing which adapt to the external environment."