

# FEASIBILITY STUDY OF A RISK TRANSFER SOLUTION FOR THE MUNICIPALITY OF THE CENTRAL DISTRICT, HONDURAS



## OBJECTIVE OF THE STUDY

To assess the framework conditions for and proposal of a risk transfer solution for the Municipality of the Central District (MDC), Honduras

- Assess the National and Municipal Disaster Risk Management (DRM) frameworks, as well as the insurance regulatory framework for climate risk in Honduras.
- Assess the MDC's institutional and financial framework, risk exposure, past and current initiatives pertaining to DRM and relevant stakeholders for DRM at MDC.
- Propose a climate-related risk transfer solution for the MDC, with special focus on the protection of low-income and vulnerable population.

## MAIN RESULTS

The DRM institutional and regulatory framework assessed would support the development of a climate-related risk transfer solution for the MDC and the further implementation of the proposed insurance product. Some of key results are:

- Strong efforts of MDC for mainstreaming DRM and Climate Change Adaptation (CCA) framework in the planning and administration activities.
- High interest and will of the municipal administration on a financial protection as the proposed product, while there is need for defining sustainable funding sources for risk transfer solutions.
- A regulatory framework for parametric insurance in Honduras is needed.
- Proposal of a flood parametric and landslide indemnity insurance product for the protection of the MDC infrastructure and for supporting disaster risk response operations by the municipality.



### Project

Assessment of risk exposure and disaster risk management and proposal of a potential risk transfer solution for the Municipality of the Central District



### Partners

Global Communities  
Willis Towers Watson



### Region

Honduras



### Main risks

Flood and landslides



### Policyholder

The Municipality of the Central District



### Insurance asset

Municipal infrastructure