

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 and Willis Towers Watson
Region	Honduras, Central America
Main risks	Flood and landslides
Policy holder	The Municipality of the Central District
Insured assets	Municipal infrastructure

