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Insurance Schemes Against Climate Shock

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Overview

- I. What is business insurance?
- II. Who is involved in insurance?
- III. What insurance should I consider?
- IV. How do climate shocks and climate change affect insurance?

I. What is business insurance?

What is insurance?

- Contract
- Shifting or sharing of risk

Key terms

- Policy
- Coverage
- Deductible
- Limits
- Premium
- Term

Types of insurance

- Life
- Health
- Property & Casualty
- Specialty Insurance

General business insurance

- Property
- Auto
- Liability
- Life
- Interruption/Income

Specialized business insurance

- Crop
- Marine
- Equipment
- Cyber
- Professional Liability

Business insurance combinations

- Multiple types of coverage in one package
- Pre-existing package policies
- Tailored to individual business needs

Microinsurance

- Insurtech & mobile networks
- Microfinance
- Trigger & payouts (e.g., index insurance)

II. Who is involved in insurance?

Key Players



Regulation

- State regulation
- Organizations (IAIS, CIMA)
- Local authorities

Regulator's role

Registration of insurers, agents, brokers, etc.

The screenshot shows the website of the Insurance Regulatory Authority (IRA) at ira.go.ke/index.php/regulatory-framework/regulated-entities. The page features a green header with social media icons, contact information (email: commins@ira.go.ke, phone: +254 020-4996000/+254 719 047 000), and a navigation menu with links for About Us, Regulatory Framework, Consumer Information, Research & Statistics, Online Services, and Industry Development. A breadcrumb trail indicates the current location: You are here: / Regulatory Framework / Regulated Entities / Regulated Entities. The main content area is titled 'Regulated Entities' and contains a table with four rows, each representing a downloadable file:

Regulated Entities	Download
REGISTERED_INSURANCE_INTERMEDIARIES_AS- AT_3RD_NOVEMBER_2021	Download
2021 REGISTERED INSURANCE AGENTS AS AT 15TH FEBRUARY 2021	Download
2020 REGISTERED INSURANCE AGENTS AS AT 7TH DECEMBER 2020	Download
REGISTERED INSURANCE INTERMEDIARIES AS AT 19TH OCTOBER 2020	Download

Regulator's role

Consumer resource

The screenshot displays the website for the Insurance Regulatory Authority (IRA) of Kenya. The browser address bar shows the URL: ira.go.ke/index.php/consumer-information/customer-protection/consumer-complaints-information. The website header includes social media icons for Twitter, Facebook, and YouTube, along with the email address commins@ira.go.ke and phone numbers +254 020-4996000 and +254 719 047 000. The main navigation menu features links for About Us, Regulatory Framework, Consumer Information, Research & Statistics, Online Services, and Industry Development. A breadcrumb trail indicates the current location: You are here: / Consumer Information / Consumer Complaints Information. The main content area is titled "Consumer Complaints Information" and lists several topics for exploration:

- Introduction
- Complaints and Disputes
- Who can Bring a Complaint to IRA for Resolution?
- Who can the Complaint be Against?
- What will the Authority NOT Deal with?
- Before Lodging a Complaint:
- How to Complain:
- What will happen next

Regulator's role

- Consumer education
- Policy forms
- Insolvency

III. What insurance should I consider?

Risk management

- Insurance is one tool
- Mitigation
- Risk spreading

Considerations

- Risk assessment
 - Key business elements
 - Likely risks
- Finding insurance
 - Organizations and partnerships
 - Licensed agents and companies
- Cost considerations
- Renewals

Policy elements

- Coverage
- Exclusions
- Limits
- Deductibles

IV. How do climate shocks and climate change affect insurance?

Climate impact

- Industry shifts
- Parametric/index insurance
- Incentives for mitigating climate risk

Questions

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John Grothaus is a senior managing associate in the firm's Insurance and Financial Services group in Chicago. He represents insurance, financial and private equity firms in a variety of corporate and securities matters involving the insurance industry, including M&A, capital investments and complex insurance financings, and focuses on developing creative, practical solutions for client needs.

Transactions on which John has advised include representation of:

- Fortitude Re in its US\$4 billion annuity reinsurance transaction with T&D Holdings subsidiary Taiyo Life, marking Fortitude Re's inaugural reinsurance deal covering business in Asia
- Prudential Financial, Inc. in the sale of a US\$31 billion portion of its in-force legacy variable annuity block for US\$2.2 billion to Fortitude Re, Bermuda's largest multi-line reinsurer
- Hagerty in its merger with Aldel Financial Inc., resulting in a combined publicly traded company with a market capitalization of approximately US\$3.13 billion, including a US\$704 million fully committed PIPE (pending)
- Primerica in its strategic acquisition of e-TeleQuote, a Florida-based senior health insurance distributor of Medicare-related insurance policies, valued on a pre-debt enterprise basis at US\$600 million
- Cigna in the US\$6.3 billion sale of its group life and disability insurance business to New York Life
- Kuvare Holdings subsidiary Guaranty Income Life Insurance Company in the acquisition of Lincoln Benefit Life Company
- RGA in the formation of Langhorne Holdings, a Bermuda-based global acquisition platform targeting life and annuity business, sponsored by RGA and RenaissanceRe, including Langhorne's initial equity raise in excess of US\$780 million. Langhorne was named "Launch of the Year" at the 2018 *Reactions* North America Awards
- Sirius International Insurance Group in acquiring ArmadaCorp Capital
- Massachusetts Mutual Life Insurance Company for its public tender for three outstanding series of surplus notes and the corresponding issuance of new surplus notes
- Aurigen Re in its offering of more than C\$300 million in embedded value-linked notes
- Massachusetts Mutual Life Insurance Company in its US\$21 billion MassMutual Global Funding II program
- Markel Corporation in acquiring specialty insurer State National Companies, Inc., a transaction valued at US\$920 million
- RGA in connection with the first-ever term life PBR reserve financing solution completed for a leading life insurer
- Mutual Trust Financial Group in its merger with Pan-American Life Insurance Group, a merger of two mutual insurance holding companies

PRACTICES

- Capital Markets
- Insurance
- Private Equity

ADMISSIONS & CERTIFICATIONS

- Illinois

EDUCATION

- Washington University School of Law (J.D., 2014, Order of the Coif, *magna cum laude*)
- University of Notre Dame (B.A., 2008)