

An aerial photograph of a flooded landscape. A wide river flows through the upper portion of the image. Below the river, a large area of land is submerged in brown, muddy water. In the foreground, several industrial buildings and structures are partially submerged. The sky is overcast with grey clouds. The image is split vertically: the left half has a warm orange tint, while the right half is in natural colors.

# THE ROLE OF INSURANCE IN CLIMATE TRANSITION

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# INSURANCE and CLIMATE

In the year that **Brazil will host COP30 in Belém**, the warning about the frequency and intensity of extreme climate events is concerning.

Globally, the economic losses resulting from natural disasters in 2024 reached **US\$ 368 billion**, with only **40% of these losses being insured**, highlighting a protection gap of approximately **US\$ 211 billion**.

In Brazil, the situation has been equally alarming: between 2014 and 2024, losses in the private sector totaled **US\$ 61.7 billion**, with **90% concentrated in agriculture and livestock**.

In **2024**, a combination of events placed the country on the global high-risk map, joining the group of locations most affected by climate disasters. A total of **1,690 natural events were recorded across the entire Brazilian territory**, averaging more than four per day.

Among the most dramatic episodes were the forest fires that impacted 15.4 million people in various regions of the country, particularly on the Amazon biome, causing damages of **US\$ 245.2 million**; and the massive rainfalls in **Rio Grande do Sul**, which, at an intensity rarely seen before, resulted in estimated losses of nearly **US\$ 18.8 billion, with only 6% of the losses covered by insurance protection**.

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In times of climate urgency, CNseg reiterates the insurance sector's commitment to contributing to Brazil's leadership on the climate agenda by offering solutions for social protection and investment.

1. Catastrophe Social Insurance
2. Green Bonds and Sustainable Investment
3. Protection of Investments in Infrastructure
4. Rural Insurance and Rural Fund
5. Climate Risk Hub
6. Brazilian Sustainable Taxonomy
7. Nature-based solutions



# Resilience and Stability

The insurance market generates

**266 thousand** direct jobs and is responsible for the payment of approximately **US\$ 12.5 billion** in taxes

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Climate adaptation has posed significant challenges to society and the global economy. This is a reality that demands **urgent action to implement measures** to mitigate risks and protect lives, assets, and investments.

In this context, the insurance sector consolidates its role as a source of intelligence and the provision of solutions that promote resilience and stability in the face of climate uncertainties.

Historically, the sector has experienced a solid growth trajectory, making a significant contribution to Brazil's sustainable development.

As an institutional investor, it finances **26% of the national public debt**, with financial assets amounting to **US\$ 423.6 billion** and sectoral revenue reaching **6.2% of GDP**, positioning Brazil as the leading market in Latin America and 12th on a global scale.



# Pioneering in Sustainability

The insurance sector's sustainability agenda precedes the focus given to the topic in recent times.

In **2006**, within the framework of the United Nations Environment Programme Finance Initiative (UNEP FI), CNseg, alongside insurers and international associations, endorsed the creation of a **hub dedicated to promoting sustainability**.

In **2012**, at the Rio+20, the **Principles for Sustainability in Insurance (PSI) were launched**, with CNseg as a co-founding institution of the main international reference for sustainability in insurance.

In **2024**, during COP29 in Baku, the Confederation renewed this pioneering spirit by becoming the first sectoral entity in the world to officially **join the Insurance Transition to Net Zero Forum (FIT)**, led by the United Nations (UN). The FIT aims to amplify, on a global scale, the knowledge about insurance and its vast potential in implementing strategies for climate transition.

2006

Creation of the pro-sustainability hub within the framework of UNEP-FI

2012

Rio+20: Launch of the PSI, with CNseg as a co-founder of the UN initiative

2024

Launch of FIT with CNseg's pioneering membership



# Global losses caused by natural disasters

## US\$ 368 billion

was the total economic loss resulting from natural disasters in 2024. In 2023, this total was **US\$ 397 billion**.

## US\$ 145 billion

was the total insured loss in 2024, compared to **US\$ 126 billion** in 2023.

**77.2%** of the losses were caused by meteorological events.

The protection gap was **60%**, a slight reduction in relation to 2023 (69%).

**Brazil**, Spain, the United Arab Emirates, and Vietnam recorded some of **the most costly events in history for their insurance sectors**.

**2024** was the hottest year ever recorded on the planet, with at least **20 countries and territories setting temperature records** and experiencing many consecutive months of heat.

By 2030, climate change could burden global healthcare systems with costs ranging between **US\$ 2 billion** and **US\$ 4 billion**.

Sources:

AON <https://www.aon.com/en/insights/reports/climate-and-catastrophe-report>

Marsh / Guy Carpenter / Mercer / OliverWyman <https://www.marshmcclennan.com/insights/publications/2024/november/turning-down-the-heat.html>

# Economic impacts of climate change in Brazil

From 2014 to 2024, natural disasters caused losses of **US\$ 61.7 billion**, for the private sector, affecting agriculture, livestock, commerce, industry, and services sectors.<sup>(1)</sup>

In 2023 alone, the accumulated losses for the private sector reached **US\$ 8.7 billion**, equivalent to **US\$ 24 million** in losses **per day**.<sup>(1)</sup>

**94%** of Brazilian municipalities declared a **state of emergency** or public calamity **at least** once due to natural disasters between 2013 and May 2024.<sup>(6)</sup>

**1,690** natural disasters were recorded in Brazil in 2024, averaging more than 4 per day.<sup>(4)</sup>

**US\$ 18.8 billion**

estimated losses caused by the flooding in Rio Grande do Sul<sup>(2)</sup>, with only **6% of the total covered by insurance**.

Indemnities in Rio Grande do Sul, up to September 2024, reached

**US\$ 1.1 billion**.<sup>(5)</sup>

**15.4 million** people were impacted by forest fires in 2024. The fires caused economic losses of US\$ 245.2 million.<sup>(3)</sup>

**94** municipalities declared a **state of emergency** and **13** states were affected in January 2025.<sup>(3)</sup>

## Sources:

(1) Integrated System of Information on Disasters of the Ministry of Integration and Regional Development; (2) Inter-American Development Bank (IDB); (3) National Confederation of Municipalities (CNM); (4) National Center for Monitoring and Natural Disaster Alerts (CEMADEN); (5) CNseg; (6) Howden



# Insurance coverage in Brazil

The insurance protection gap — the difference between economic losses and the amount actually covered by insurance — represents a significant risk for individuals, businesses, and the country's economy.

The following data demonstrates the need to expand insurance coverage in Brazil and highlights a concerning scenario on which CNseg has been working hard to transform.



Only **16.6%** of the national automobile fleet, or **21 million** vehicles have car insurance



Only **17%** of Brazilian households, or **11 million** homes are covered by home insurance



Private health insurance plans are contracted by a quarter of the Brazilian population: **25.7%** or **52.7 million** people



Only **7.7%** of the country's cultivated agricultural land, or **7.3 million** hectares, is covered by rural insurance.



Private pension plans are contracted by only **10.1%** of the economically active population, or **14.1 million** people



# Insurance sector agenda in climate transition

## 1

### CATASTROPHE SOCIAL INSURANCE

#### Scenario

Currently under discussion in various sectors of the Brazilian society, this instrument could make financial support available for victims of disasters caused by flooding, inundations, or landslides, providing emergency aid and funeral assistance. In support of the national adaptation strategy, it will serve as emergency aid, but will also contribute to spreading the culture of insurance among the population, increasing the level of trust and understanding of available products and services. The adoption of this proposal would represent an important step toward reversing the cycle of vulnerability and low protection against climate events.

#### Initiative

The adoption of this instrument depends on the approval of a specific law. There are similar projects being discussed in the National Congress that can serve as a foundation for developing the model. The Catastrophe Social Insurance foresees emergency aid of approximately US\$ 1,900 per affected household and funeral assistance of US\$ 900 in case of death, with payments made via PIX to ensure resources are readily available to the victims of these tragedies. This would be a private insurance, with mandatory adoption, subsidized by broad revenue collection through a monthly charge ranging from US\$ 0.38 to US\$ 0.57 on electricity or mobile phone bills, with exemptions for participants in government social programs.





## 2 GREEN BONDS AND SUSTAINABLE INVESTMENTS

### Scenario

As one of the largest institutional investors in Brazil, with assets equivalent to 26.5% of the national public debt, the insurance sector has significant potential to enable green projects that contribute to environmental preservation.

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### Initiative

Following the success of two recent issuances of sustainable sovereign bonds abroad, the insurance sector proposes expanding this measure through the issuance of new sustainable sovereign bonds, this time in the domestic market, targeting the appetite of institutional investors, particularly insurers. Currently, the insurance sector has commitments amounting to approximately US\$ 340 billion with its clients. These obligations must be backed by financial assets, known as guarantee assets, with a significant portion of this amount allocated in federal public bonds with various maturities and indexation types. In this context, sustainable sovereign bonds could represent a strategic alternative, connecting the sector's investment capacity with the need to finance the country's sustainable agenda.

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# 3 PROTECTION OF INVESTMENTS IN INFRASTRUCTURE

## Scenario

Insurance is a fundamental instrument for fulfilling contractual obligations, and the sector's expectation is to see it widely incorporated into infrastructure projects, with mandatory inclusion in bids for construction and engineering services, in order to protect public investments and provide legal protection to the State.

### Initiative

The new Public Procurement Law (No. 14.133/21) was an important step in this direction. The new regulation provides, among other updates, that in cases where the resumption clause is provided for in the bid, the percentage of the Surety Bond may be up to 30% of the contract's initial value. This can already be seen in practice in the state of Mato Grosso, in the construction and paving works for the MT-130 highway, valued at approximately US\$ 21.8 million. However, the sector advocates that the insurance issue be considered by lawmakers in new areas—particularly considering the execution of works under the Federal Government's Growth Acceleration Program (PAC), which has investments estimated at US\$ 320.7 billion—and the requirement of this instrument to mitigate risks related to damages and non-compliance with obligations for the effective completion of projects. Currently, approximately 40% of public projects in Brazil are halted.





# 4

## RURAL INSURANCE AND RURAL FUND

### Scenario

Considering the increasing losses in the countryside, rural insurance has become essential not only for the financial security of farmers but also for the maintenance of agricultural activity in Brazil. Its impact extends to the country's role as a global provider of food security. Currently, only 7.7% of the cultivated agricultural area in Brazil (7.3 million hectares) is covered by rural insurance. This benefit covers 87,000 producers, a number that is still low compared to the total of five million registered in the country.

### Initiative

To change this scenario, the insurance sector supports the modernization of the Rural Insurance Fund. The goal is to transform it, as provided for in Complementary Law No. 137, into a stabilization instrument capable of absorbing shocks caused by exceptional losses, ensuring the long-term sustainability of production. The proposal foresees that the Fund will be private in nature and be composed of contributions from the federal government (up to US\$ 754.7 million), in addition to contributions from insurers and reinsurers operating in the sector. To strengthen this movement, CNseg has developed an internal protocol and is working on a georeferencing tool. This technology will integrate socio-environmental and climate risk databases, allowing insurers to assess and assign a degree of risk, thus improving management and decision-making.



# 5

## CLIMATE RISK HUB

### Scenario

It is essential for the insurance sector to be more aligned with climate science. The Climate Risk Hub will provide a database and region-specific information about the impacts of climate events in various scenarios, helping insurers to understand the risks and to adapt their strategies, in order to develop new products and to expand their coverage, with a new perspective on effectiveness and resilience.

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### Initiative

The first step towards consolidating the Hub will be the launch of an integrative platform, centralizing external data on climate risks, such as disaster histories, impact projections, and municipal vulnerability indicators. In the next phase, insurers' data on the impacts of extreme climate events, such as claims and losses, will be added. The platform will allow for the comparison of market data and the creation of customized analyses. In the final phase, the Hub will provide reports that correlate macroeconomic data with climate impacts and advanced risk management tools.

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# 6

## BRAZILIAN SUSTAINABLE TAXONOMY

### Scenario

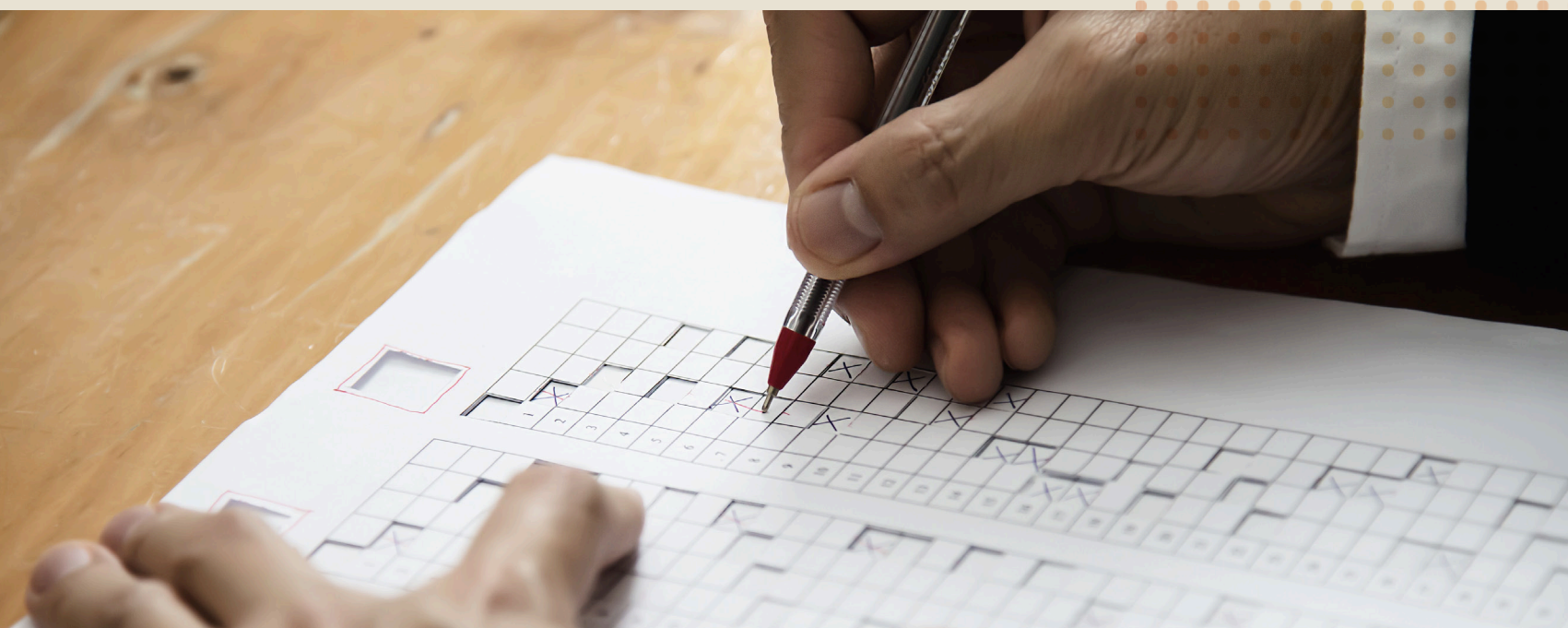
CNseg supports the development of the Brazilian Sustainable Taxonomy, integrating the Interministerial Advisory Committee led by the Ministry of Finance. For the insurance sector, the taxonomy is of fundamental importance, considering, primarily, using its capacity to act as an investor in the sustainable development of the country. From a second perspective, the relevance of the taxonomy lies in the ability of insurance to influence positive actions via underwriting decisions. Insurance should be recognized as an essential safeguard in the sustainable classification of projects, functioning as one of the most effective instruments to ensure the achievement of socio-environmental adaptation and resilience goals.

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### Initiative

Alongside the contributions to the Brazilian Sustainable Taxonomy, the insurance sector is already working on the development of its own taxonomy. The goal is to drive innovation and socio-environmental responsibility throughout the sector's value chain, in line with the objectives set out in the national taxonomy. The sector's own taxonomy will provide an important foundation for the development and adaptation of products and services that meet the needs of sectors and projects strategic to the country's sustainable development.

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# 7 NATURE-BASED SOLUTIONS

## Scenario

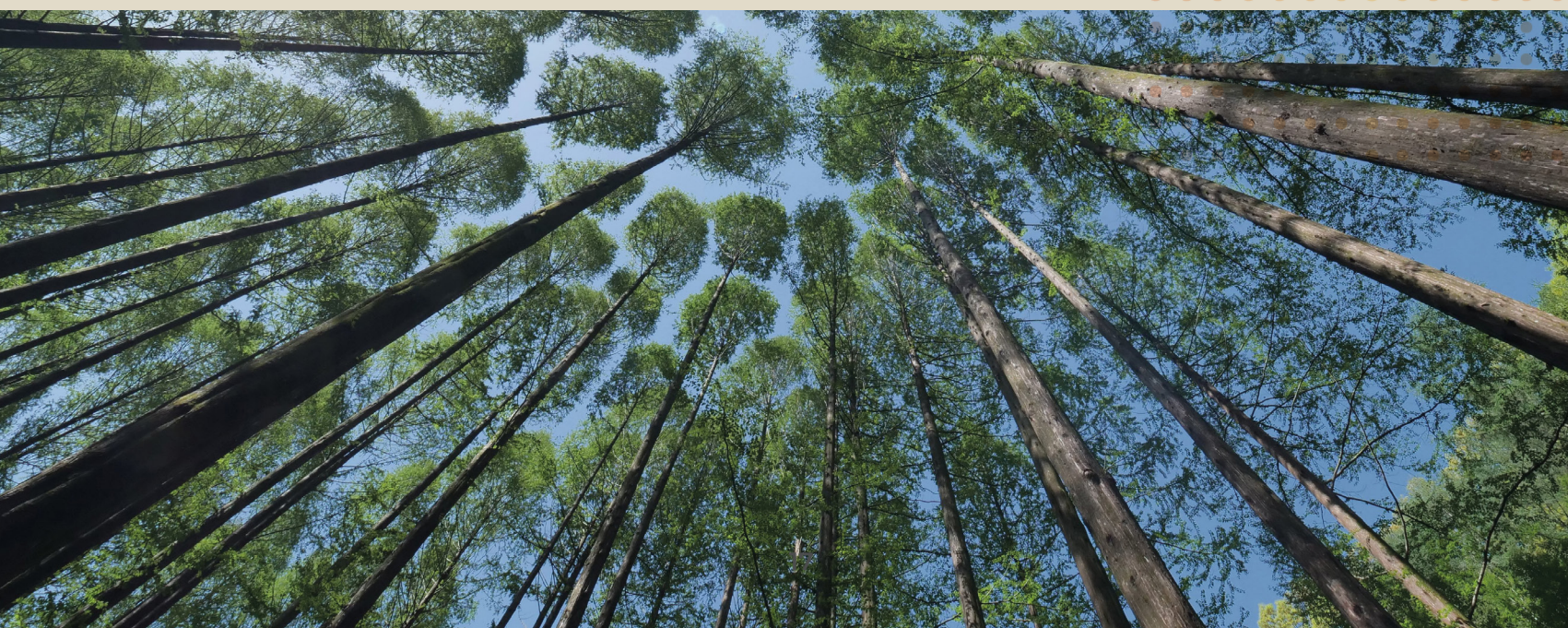
Deforestation is the main driver in the loss of biodiversity in Brazil and a major aggravating factor of the climate crisis. The preservation of ecosystems is essential to mitigate GHG emissions and prevent the interconnection between the climate crisis and biodiversity loss from becoming irreversible. Nature-based solutions can contribute up to 37% of the mitigation needed to keep global warming below 2°C. Given this potential, the insurance sector promotes initiatives that aim to strengthen environmental resilience, enhance natural capital, and ensure long-term sustainability.

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## Initiative

CNseg has been in discussions with its members, the Brazilian Forest Service (SFB), and the Brazilian Development Bank (BNDES), to expand the availability of insurance for forest concessions focused on restoration, preservation, and sustainable management. Currently, these insurance products are customized and cover few critical risks, such as deforestation and fires in native forests. CNseg's goal is to strengthen the capacity of insurers, ensuring greater protection and making insurance a requirement in bidding processes, thereby ensuring the financial and operational sustainability of forest concessionaires and therefore driving nature-based solutions.

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## THE HOUSE OF INSURANCE (CASA DO SEGURO) AT COP 30

Considered the "Insurance Embassy" at the Amazon COP, this platform for content, relationships, and business is an initiative by CNseg designed to host the insurance sector's activations related to its climate agenda.

The "Casa do Seguro" will be organized by the Confederation, with the support of 11 key partners ("empowerers"), represented by major insurers already engaged in the climate agenda via climate-related sustainability projects.

Installed in a 1,600 m<sup>2</sup> pavilion, just a few meters away from the main hub of COP30 (Green Zone/ Blue Zone), the "Casa do Seguro," taking place for the first time, will offer an immersive experience throughout the entire duration of the Conference (November 10 to 21), welcoming government officials, business leaders, as well as representatives from international organizations and foreign counterparts of CNseg.

The program will address topics of significant impact for Brazil's economic and social development, connecting the role of the insurance sector with the country's climate agenda challenges and priorities.

## CNseg's Objective at COP30

The insurance market arrives at COP30 with the responsibility of establishing an unprecedented position regarding its commitment to sustainability, particularly with the climate agenda. The central objective of CNseg is to articulate the sector's presence in the agreements and declarations resulting from the Conference, being recognized as a fundamental part of the solution to the climate challenges.

### The main topics are:

- » Social and investment protection
- » Climate intelligence
- » Sustainable finance
- » Insurance for sustainable industrial development
- » Insurance and agribusiness
- » Resilient infrastructure
- » Insurance in the expansion of Brazil's green fleet

Developed based on modern principles, CNseg's project is aligned with the highest sustainability standards, with goals set for emission neutrality, zero waste, energy efficiency, promoting the circular economy, and valuing local labor.







**1,600 m<sup>2</sup>**  
of space for  
an immersive  
experience



**Prime Location**  
500 meters from the  
main pavilion of COP  
(Blue Zone/Green  
Zone)



**Facilities**  
plenary for 100 people, 6  
meeting rooms, recording  
studio, press room, lounge  
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