

Insuring Natural Infrastructure Against Climate Impacts

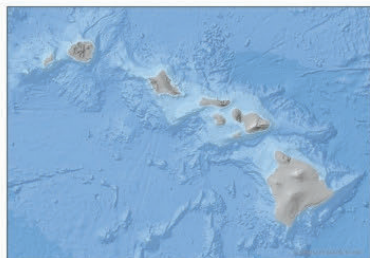
Hawai'i Reef Insurance Policy Extended Through 2026

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Why Buy Insurance?

The reefs that line Hawai'i's coasts are vital to our security, economy and culture. Each year, they provide flood protection to people, property, and jobs valued at more than \$836 million and contribute more than \$1.2 billion through reef-related tourism to the state's economy. Reefs also protect beaches from erosion and support nearshore fisheries—an important local food source—valued at \$13.4 million a year.

Maintaining reefs and the valuable benefits they provide is essential to our well-being. Wave action generated by hurricanes can quickly devastate coral reefs. Research shows that severe hurricanes can cause up to a 50% loss of live



Reefs surround the eight main Hawaiian Islands.

coral cover, and the loss of just one meter of reef height could double expected annual flood damages. Hawai'i experiences an average of 4-5 large storms a year, and scientists predict these storms will become more intense in the coming decades.

Repairing reefs is costly and reef insurance can provide vital funding when it is urgently needed. The cost of reef repair varies significantly, depending on the extent of damage and action required. Immediate damage assessment, collection and reattaching of broken corals starts at approximately \$25,000 per acre, while more intensive sustained reef restoration would be much higher.

The cost to the local economy of not repairing damage to reefs would be even higher, with increased coastal erosion and flooding impacting people, property and livelihoods.

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Parametric insurance provides an effective mechanism for managing the physical and financial impacts of natural catastrophe events on natural assets. The speed of delivery and flexibility in the use of payouts allows restoration activities to proceed quickly, supporting the resilience of communities that rely on the health of the reef for their livelihoods.

Derrick Easton
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