



MEDIA ADVISORY

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UNEP FI Principles for Sustainable Insurance consultation reaches Latin America and the Caribbean

São Paulo / Geneva, 13 May 2011 – The pioneering consultation process to develop principles for sustainable insurance continues its global voyage as it arrives in Brazil next Monday following a similar regional meeting for Africa in Johannesburg, South Africa, earlier this year.

After the initial round of consultations in Africa first made the headlines last March, debate among insurance industry players and stakeholders on the form and content of future principles for sustainable insurance has steadily picked up speed.

The resulting UNEP FI Principles for Sustainable Insurance (UNEP FI-PSI) will now be discussed at a high-level regional consultation meeting for Latin America and the Caribbean to be held in São Paulo, Brazil, next Monday and Tuesday, 16-17 May.

“It is now up to Latin America and the Caribbean to build on the strong momentum generated by Africa, before passing the baton to the next region: North America,” said Head of UNEP FI Paul Clements-Hunt, who joined the launch of the Principles’ global consultation in Johannesburg.

Policymakers, intergovernmental organisations and insurers have showed promising leadership in adapting to climate change and natural catastrophe risks in the region, including with the creation in 2007 of the Caribbean Catastrophe Risk Insurance Facility – the first multi-country risk pool in the world tailored to mitigate the financial impact of hurricanes, earthquakes and excess rainfall. Moreover, in 2010, Mexico hosted the UN Climate Change Conference that led to the “Cancun Adaptation Framework,” a section of the Cancun Agreements that calls for the development of risk management and risk transfer solutions, such as insurance.

The region also offers promising opportunities for microinsurance (insurance for low-income communities) with the 7th International Microinsurance Conference, which will be co-hosted by Munich Re Foundation and Microinsurance Network, slated to take place in Rio de Janeiro, Brazil, this November.

But despite these efforts, a rapidly changing risk landscape, which populations of Latin America and the Caribbean have experienced on an unprecedented scale in recent times, requires more holistic and prudent risk management approaches, collaborative partnerships, and appropriate policy and regulatory frameworks .

In 2010, natural catastrophes that plagued the region included the earthquakes in Haiti and Chile, Hurricanes Alex and Karl in Mexico, a cold wave and harsh weather in Peru, Chile and other countries, floods in Brazil and Colombia, and Tropical Storm Agatha in Guatemala and Honduras. These events resulted in more than 225,000 deaths, over \$53 billion in economic losses, and nearly \$9 billion in insured losses, according to global reinsurer, Swiss Re.

“Disaster risk reduction, community resilience, sound ecosystem management, and social and financial inclusion are examples of sustainability issues integral to the UNEP FI-PSI. The significance of these issues to Latin America and the Caribbean has become patently clear in recent times, and they entail better risk management, innovative risk transfer solutions, and collective action,” said Butch Bacani, the UNEP FI team member managing the PSI process.

The second round of consultations will unfold from 16 to 17 May in Brazil’s foremost financial hub, São Paulo, with the insurance arm of the financial giant HSBC hosting the event.

“The aims of these Principles are vital to the long-term health of the Latin American and Caribbean insurance industry and economy. Insurance practices which routinely consider environmental, social and governance issues reduce risk and uncover new business opportunities. Equally, such practices build a more resilient insurance industry that can better serve its clients and contribute to environmental, social and economic sustainability,” said Fernando Moreira, CEO of HSBC Insurance Brazil and Board Member for Latin America and the Caribbean of the UNEP FI Insurance Commission.

Participants include CEOs and other senior executives from leading insurers, the Inter-American Federation of Insurance Companies (FIDES) based in Mexico, the Insurance Association of the Caribbean (IAC) based in Barbados, the Brazilian insurance association (CNSeg), the Brazilian Superintendence of Private Insurance (SUSEP), and various representatives from civil society, academia and other stakeholders.

The finalised UNEP FI Principles for Sustainable Insurance will be launched at the 2012 UN Conference on Sustainable Development in Rio de Janeiro, a summit that will mark the 20th anniversary of the historic 1992 “Rio Earth Summit,” at which world leaders articulated the vision and key elements of the multilateral machinery required to achieve a sustainable future.

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