



UNITED NATIONS ENVIRONMENT PROGRAMME

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As World Convenes for First United Nations Environment Assembly, UN and World's Insurers Unite to Tackle Natural Disaster Risk

Disaster-Resilient Communities and Economies Integral to Sustainable Development

London, 27 June 2014 – A ground-breaking alliance between the United Nations and insurance companies from across the globe today launched a drive to tackle natural disaster risk by identifying the most effective measures to combat disasters and helping communities implement them.

The United Nations Environment Programme (UNEP) FI Principles for Sustainable Insurance (PSI) Initiative brings together insurers from around the world to help communities manage risk. The PSI Initiative's Global Resilience Project represents a phased approach to protecting communities from natural disasters.

“As we transform the global economy into one that is low-carbon, resource-efficient and socially inclusive—a key topic under discussion this week at the first United Nations Environment Assembly in Nairobi as we look for ways to bring in more capital investment to finance this transition—we must also adapt and invest in making our communities and economies climate and disaster-resilient,” said Achim Steiner, Executive Director of the United Nations Environment Programme (UNEP) and Under-Secretary-General of the UN. “The Principles for Sustainable Insurance Initiative harnesses the wealth of risk management expertise in the insurance industry and is putting it to work to find solutions for global sustainability challenges.”

The PSI Global Resilience Project, which is led by Insurance Australia Group, has just completed its first phase. This assessed the effectiveness of a range of disaster risk reduction measures across the three most devastating types of natural hazard—cyclone, earthquake and flood. The findings are outlined in a new report, *Building disaster-resilient communities and economies*.

“There is a lot we as insurers can bring to the table,” said Leona Murphy of Insurance Australia Group, Co-Chair of the PSI Initiative's Board. “We work with communities to help them recover from disasters, so we have a deep understanding of the risks they face at a local level, and we know what works when it comes to reducing the impact of disasters.”

“It makes economic, social and environmental sense to focus on reducing the risk of disasters happening, rather than pouring all resources into disaster relief and recovery,” she added.

The global report was presented at a UN event in London convening insurance industry leaders and key stakeholders.

“As the largest collaboration between the UN and the insurance industry, the Principles for Sustainable Insurance Initiative is showing us how much more we can achieve by working together,” said Charles Anderson, Director of UNEP FI. “Widespread environmental degradation, climate change and loss of natural ecosystems are exacerbating disaster risk. Collaborative action is a must.”



In the report, disaster risk reduction measures were assessed according to how much they cost, the economic benefits they brought, and their potential to save lives and reduce the number of people adversely affected. The analysis also looked at downstream benefits—other advantages to communities beyond disaster risk reduction.

“Natural disasters hold back development, so building resilience is integral to sustainable development. Hard-won development gains can be undermined by a single disaster, and efforts to build a sustainable economy derailed,” said Butch Bacani, PSI Programme Leader at UNEP FI. “When disasters strike, insurance helps communities cope with the financial hardship of unexpected losses.”

“However, this report highlights that insurers play a key role across the spectrum of activities in disaster risk management. This includes identifying, assessing and reducing disaster risk,” he added. “Each community is going to have its own specific needs, but the report was able to draw some broad conclusions across regions.”

The report found that:

- For cyclones, natural coastal protection ecosystems such as mangroves and sand dunes can reduce risk in a similar way to structural measures like sea walls, as well as bringing downstream benefits such as wildlife habitat and aquaculture. In terms of cost, conserving and restoring existing ecosystems is much more effective than creating new ones.
- For earthquakes, the focus is more on appropriate building codes so communities can weather earthquakes when they strike with fewer lives lost and less damage.
- For floods, measures which block water, such as levees, can work hand-in-hand with structures which divert water downstream, to protect larger areas of river basin, while appropriate zoning will ensure properties are not placed in harm’s way.
- For all hazards, the report recommended a focus on educating the community and stakeholders, conducting risk mapping, and developing robust evacuation procedures.

“It’s important to bear in mind that risk reduction works best when you take an integrated, portfolio approach and adopt a range of measures,” said Melinda Mulrone of Insurance Australia Group, who manages the PSI Global Resilience Project.

The report also highlighted inconsistencies in available risk reduction research as a significant barrier to identifying the most effective risk reduction measures in vulnerable communities.

“Data can be difficult to compare, as each research project has different objectives and different criteria,” said Ms. Mulrone. “Universal data standards are essential in helping communities assess their level of risk and the best responses to it, and to make the case for risk reduction to governments and other stakeholders.”

The next phase of the PSI Global Resilience Project will see the development of a global disaster map to identify individual communities most in need of risk reduction efforts. The project will then seek to engage communities, governments and other stakeholders in investing in disaster resilience and in implementing the measures most effective in protecting lives and property.

“The involvement of other insurers will give us a clearer picture of the risks faced by the communities that we insurers serve, enabling us to better target our risk reduction efforts,” said Andreas Spiegel of Swiss Re, and Co-Chair of the PSI Initiative’s Board. “The PSI Global Resilience Project is a shining example of the how the insurance industry can deepen its contribution to the global resilience and sustainability agenda.”



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Notes to editors

A video message from the UNEP Executive Director marking the second year anniversary of the launch of the PSI Initiative can be viewed at: www.unepfi.org/psi/videos. This video message was shown at the 50th Annual Seminar of the International Insurance Society in London on 25 June 2014, which was attended by His Royal Highness The Prince of Wales, UN officials and leaders of the global insurance industry.

The PSI Global Resilience Project's first report, *Building disaster-resilient communities and economies*, can be downloaded at: www.unepfi.org/psi/category/publications

About the UNEP FI Principles for Sustainable Insurance Initiative

Launched at the 2012 UN Conference on Sustainable Development and developed by UNEP FI, the Principles for Sustainable Insurance serve as a global framework for the insurance industry to address environmental, social and governance risks and opportunities. Endorsed by the UN Secretary-General, the Principles have led to the largest collaborative initiative between the UN and the insurance industry—the PSI Initiative. As of June 2014, 70 organisations had adopted the Principles, including insurers representing approximately 15 per cent of world premium volume and US\$8 trillion in assets under management. The Principles are part of the insurance industry criteria of the Dow Jones Sustainability Indices and FTSE4Good.

The vision of the PSI Initiative is of a risk-aware world, in which the insurance industry is trusted and plays its full role in enabling a healthy, safe, resilient and sustainable society. The purpose of the PSI Initiative is to better understand, prevent and reduce environmental, social and governance risks, and better manage opportunities to provide quality and reliable risk protection.

Learn more about the PSI Initiative at: www.unepfi.org/psi

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