

Good morning.

Aviva is honoured to host this UN Principles of Sustainable Insurance event, after what I hear was a very engaging Board meeting yesterday.

I'm sorry I was only able to join you now; I have been at a customer experience awards event in Brighton last night. I believe customers should be, and judging from last night, are at the very heart of our business as an insurance company.

I was particularly sorry to miss Tessa Tennant's speech as we share a concern about climate change and are big fans of ICE, and we are proud to be a member company since March this year.

I understand there have been a few antipodean speakers this morning. And as you can tell, I continue that trend. But of course I have left those shores and now am firmly ensconced here.

Some time ago, I was in Venice and was reading what went on there in the Middle Ages to protect people for peril in a water filled environment. The Codeega was a fellow hired to walk in front of you at night, lighting the way and helping you walk with confidence.

This, in its simplest terms, is what insurers do as risk managers; the other essential role that we play is as risk carriers, and as carriers we are providing a 'social' service for people as they retire, die, get sick or even in the event of flood. We are there for people when bad stuff happens.

Insurance has a long term social purpose, so if we do it right, it is sustainable.

I like to think of sustainability in a global context, but thinking about the 7 billion people in the world is very difficult. However, if we simplify it, it becomes a little clearer and we can see where the challenges lie.

If the world was a community of just 100 people:-

50 would be female

50 would be male

26 would be children (in 2009 this was 30 children)

There would be 74 adults,

8 of whom would be 65 and older (up by 4 since 2009)

There would be:

60 Asians

15 Africans

14 people from the Americas

11 Europeans - just short of one whole person is from the UK and Kiwis like me come in at an impressive 0.065 of a person

83 would be able to read and write; 17 would not

7 would have a college degree

22 would own or share a computer

77 people would have a place to shelter them from the wind and the

rain, but 23 would not

1 would be dying of starvation

15 would be undernourished

21 would be overweight

87 would have access to safe drinking water

13 people would have no clean, safe water to drink

now that is quite a set of numbers.

Whilst in the UK we are on an island, we would do the rest of the world a disservice to continue to act like it.

That is why since I joined Aviva I have been working with the team here to refresh our understanding of the purpose of the company's existence, and from that driving through the values and strategies we need to think sustainably and long term.

We need to be very clear about our values. They are company values, but have to be delivered by each and every one of our people consistently. They're designed to be edgy, thought-provoking, and to be the framework on which we make decisions

So what are these values? There are just four:-.

First, "Create legacy" means ensuring every decision we make is for the long-term. I think of this as being a good ancestor.

"Care more" means caring like crazy for customers, employees and our shareholders.

"Kill complexity" is quite simple: complexity is the enemy in our business, and for that matter the enemy of sustainability.

The fourth value is "never rest" - We need to be dissatisfied with the status quo, to view our very best as not quite being good enough.

Insurance is a long-term industry and Aviva with our 318 history is very much a long-term business.

It is no surprise that our understanding of sustainable insurance and Aviva's values align so well. Let me give you some examples:-

Recently the spotlight fell again on our responsibility to help families and businesses during the period of some of the worst weather conditions we've seen in a century, both here in the UK and in Canada.

I visited some flood zones myself in Somerset and Gloucester. I saw how people's lives had been turned upside down. It was tragic. These are the moments of truth for our business, and hints of the more frequent and serious effects of climate change in the future.

And of course in our industry we can map the impacts of flooding. Using our Geographic Information System (digital flood mapping) we were able to accurately predict which homes were not at risk from that particular weather event, another aspect of providing certainty.

Going forward the increasing effects of climate change presents considerable uncertainty for our customers, communities, and cities, which is why I welcome the work by ClimateWise, and Global Resilience being the theme of UNPSI's first major global collaboration.

Customers think that insurance is too complex, and self-serving. One way that we can regain trust as a sector is to 'kill complexity' and be clear about what we do. We need to be clear about the benefits our industry provides.

At Aviva Our record stands:

We pay £27.5 billion in claims and benefits to customers each year. This equates to around £75.3 million pounds a day, or over £52,000 per minute.

So how do we want to work?

We want to make decisions we will be as proud of in 20 years' time as we are today, and unsurprisingly our customers want us to think long term as well.

Recently we invited in some pension customers to talk to us about their concerns. One woman in her mid 20s said something that particularly stood out: "I want my pension to help create the future I want to retire into".

So these issues are as big a concern for customers as they are for us in the room today.

As both insurers and investors we are well accustomed to thinking in the long term.

In my view, sustainability is arguably the world's most significant contemporary market failure. Some of the worst case scenarios coming out of the International Panel on Climate Change are deeply concerning with potentially profound implications on the valuation of the companies listed around the world.

This is why I am so pleased that 'UNEP' launched their Enquiry into the Design of a Sustainable Financial System earlier this year.

Left unchecked, issues arising from unsustainable development would affect the actuarial assumptions underpinning the insurance products that our industry provides, potentially rendering significant proportions of the economy uninsurable and shrinking our addressable market.

I am a strong believer in the power of the market to catalyse the innovation and entrepreneurialism. I am a strong believer in sustainable capitalism

However there are occasions where only governments can correct market failures, like sustainability.

Because of this belief I challenged our investment arm - Aviva Investors - to work with others to develop some initial suggestions for how public policymakers could move the capital markets onto a more sustainable basis.

Their report is published today for the first time and is available here. I would like to thank those of you in the room who were involved.

I believe it to be an ambitious and systemic, yet proportionate and practical report, and hope you agree.

Aviva will focus on maximising our impact in transforming capital markets so that they are more sustainable.

This will enable our analysts and fund managers to integrate these issues into their investment decisions. It will also help protect the long-term value of our clients' investments.

In this way I hope that we will help to create capital markets that properly consider long term sustainable development issues and help secure our common future.

It should be clear by now that I personally consider sustainable development issues to present both strategic risks and opportunities to Aviva.

And my sincere hope is that we will be regarded as good ancestors by future generations.

It is not yet too late, but we cannot afford to leave it to our successors to pick up the pieces.

You have a packed agenda, I wish you all the very best in your discussions.

(1645 words)