
Multi-stakeholder partnerships key to building global disaster resilience

Multi-stakeholder partnerships are critical in addressing the global challenges of disaster risk reduction and climate change adaptation, according to a new report launched at the ongoing UN Climate Change Conference in Paris.

The report, 'Collaborating for Resilience: Partnerships that build disaster-resilient communities and economies' is the third and final phase of the IAG-led PSI Global Resilience Project, a commitment to the United Nations-endorsed Principles for Sustainable Insurance (PSI) Initiative. It was launched today, which is Resilience Day at the UN Climate Change Conference, also known as COP21.

IAG's Chief Strategy Officer and Co-Chair of the PSI Board, Leona Murphy, said there is global recognition of the need to build countries' resilience to natural hazards such as cyclones, floods and earthquakes.

She added through strategic partnerships, the fiscal, economic and social costs of these events could be avoided or reduced, and hard-won development gains protected.

"It has become apparent that the best way forward is to combine the capabilities and strengths of all stakeholders – governments, NGOs and the private sector – to develop and implement disaster resilience activities," she said.

Ms Murphy called out the vital role that insurers played in building more resilient countries.

"Nobody understands risk like the insurance industry and nobody is better placed to work with governments, policy makers, development organisations and private sector participants to manage risk," she said.

"We as an industry are also increasingly leveraging our data, tools and skills to help governments and communities create better policies and make more informed decisions about how to understand risk, reduce risk, transfer risk and most importantly, save lives and livelihoods."

These activities are in line with the PSI's view that cost-effective investments by countries in pre-disaster resilience are key to building disaster-resilient communities and economies, leading to opportunities for more affordable, accessible and scalable insurance solutions.

Across many countries, there is a funding imbalance between investing in pre-disaster resilience and paying the costs of post-disaster relief and recovery. Investment in building upfront disaster risk reduction provides a positive return and reduces the need for recovery. Various global studies have estimated that every dollar spent in disaster risk reduction returns between two and ten dollars in recovery savings.

In Australia, the *Australian Business Roundtable for Disaster Resilience & Safer Communities* – of which IAG is a founding member – commissioned economic analysis,

which demonstrated natural disasters costs an average of \$6.3 billion every year and is forecast to rise to \$23 billion by 2050.

Through the research, the *Australian Business Roundtable* concluded that carefully targeted investment in preventative infrastructure of \$250 million per year would reduce these costs by 50%, generating economic savings of \$12.2 billion by 2050. It was this work which inspired the PSI Global Resilience Project.

Ms Murphy said it was a privilege to work on a global project which will help some of the world's most vulnerable countries build safer and more resilient communities.

"In Australia, we have made great strides in understanding what is needed to increase our communities' resilience to natural hazards, particularly through the pioneering work of the *Australian Business Roundtable*. The PSI Initiative gave us the perfect opportunity to better understand and show, in a global context, the benefits that multi-stakeholder partnerships can bring to reduce disaster risk and adapt to climate change."

Butch Bacani, Programme Leader of the PSI Initiative at the United Nations said, "One of the core messages of the PSI Global Resilience Project is simple: an ounce of prevention is better than a pound of cure.

"IAG's leadership has been instrumental in making this collaborative project by the UN and insurers from across the globe a reality," he said.

"The project is based on the shared goal of disaster resilience and sustainable development. Indeed, the final report has made it clear that collaboration is at the heart of meeting the resilience and sustainability challenge."

About the PSI Global Resilience Project

The PSI Global Resilience Project aims to deepen the understanding of disaster risk reduction activities and investments globally, identify the human, social and economic cost of disasters, and help governments, businesses and NGOs focus more closely on necessary disaster risk reduction activities in vulnerable countries.

The project took its inspiration from the *Australian Business Roundtable for Disaster Resilience & Safer Communities* and its success in building a national dialogue about the importance of shifting the imbalance in spending between disaster relief and recovery on the one hand, and disaster risk reduction on the other.

Phase I of the Project, '[Building Disaster-Resilient Communities and Economies](#)', was launched by IAG at a major PSI event in London in June 2014. The global research, spanning cyclone, flood and earthquake risk, assessed a range of behavioural, ecosystem and structural disaster risk reduction measures in the context of social and economic costs and benefits.

Phase II, [The Global Risk Map](#), was formally launched at the UN headquarters in New York in June 2015 at the UN-Insurance Sector Summit. The publicly accessible online risk assessment tool provides greater understanding of natural disasters over the past 115 years and highlights the social and economic devastation caused by cyclones, floods and earthquakes, as well as key data such as disaster response resources and insurance penetration and density.

Phase III, '[Collaborating for Resilience: Partnerships that build disaster-resilient communities and economies](#)', was launched on Resilience Day of the UN Climate Change Conference in Paris (COP21) in December 2015. This final phase focuses on multi-stakeholder partnerships for disaster risk reduction, as well as innovative disaster risk transfer solutions, to support global stakeholder outreach and engagement activities on disaster resilience, greater investment in disaster risk reduction, and integrated disaster risk management.

About the UNEP FI Principles for Sustainable Insurance Initiative

Endorsed by the UN Secretary-General and launched at the 2012 UN Conference on Sustainable Development, the UNEP FI Principles for Sustainable Insurance serve as a global framework for the insurance industry to address environmental, social and governance risks and opportunities. Developed by the UN Environment Programme Finance Initiative (UNEP FI), the Principles have led to the largest collaborative initiative between the United Nations and the insurance industry – the PSI Initiative. As of November 2015, nearly 90 organisations have adopted the Principles, including insurers representing approximately 20% of world premium volume and USD 14 trillion in assets under management. The Principles are part of the insurance industry criteria of the Dow Jones Sustainability Indices, FTSE4Good, and Brazil's BM&FBOVESPA Corporate Sustainability Index. The vision of the PSI Initiative is of a risk aware world, where the insurance industry is trusted and plays its full role in enabling a healthy, safe, resilient and sustainable society. Its purpose 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 at www.unepfi.org/psi.

About IAG

IAG is the parent company of a general insurance group with controlled operations in Australia, New Zealand, Thailand, Vietnam and Indonesia, employing more than 15,000 people. Its businesses underwrite over \$11.4 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); NZI, State, AMI and Lumley (New Zealand); Safety and NZI (Thailand); AAA Assurance (Vietnam); and Asuransi Parolamas (Indonesia). IAG also has interests in general insurance joint ventures in Malaysia, India and China. For further information please visit www.iag.com.au.

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