

Press release

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Over 100 insurers call for greater action to adapt the developing world to climate change

**Call comes less than 90 days before next
UN Climate Convention meeting in Mexico**

London, 6 September 2010 – Four initiatives representing more than 100 leading international insurance companies are today calling on governments worldwide to harness risk management techniques and insurance expertise to help the developing world adapt to climate change.

The initiatives will present a statement aimed at world leaders and negotiators of the United Nations Framework Convention on Climate Change (UNFCCC) at a press conference to be held in Lloyd's of London.

The statement will highlight how governments can unlock significant potential to increase the protection and reduce the vulnerability of developing world populations and economies from natural disasters through better risk management and by enabling insurance-type approaches.

The four groups launching the statement today, on the eve of an international, low-carbon investment conference convened by the UK government, are ClimateWise, The Geneva Association, the Munich Climate Insurance Initiative (MCII) and the United Nations Environment Programme Finance Initiative (UNEP FI).

The recent floods in Pakistan, China and Niger are a timely reminder that the world must adapt to become more resilient to the long-lasting and significant changes in climatic conditions being experienced across the world. These changes are likely to have the most damaging impacts on the developing world, where even small economic losses can have long-term effects on development, and where human health is generally less robust.

In the past three decades, direct global economic losses for all types of natural catastrophes have averaged US\$90 billion per year, with 78% of those natural catastrophes being weather-related. Meanwhile, 85% of deaths associated with all natural catastrophes over that timescale have occurred in developing countries (Munich Re, 2010).

There is enormous potential to be derived from a partnership-based approach to tackling the climatic risks faced by people and governments around the world. Indeed, several communities affected by climate change are already benefiting from projects that improve risk management and feature insurance elements.

Over 4500 Mongolian herders covered by a public-private index-insurance scheme are currently receiving indemnity payments totaling around US\$1.4 million for cattle mortality losses caused by a particularly harsh winter.

And in September 2008, the Caribbean Catastrophe Risk Insurance Facility (CCRIF) – a public-private partnership – paid US\$6.3 million to the Turks and Caicos Islands after Grand Turk was hit by Hurricane Ike.

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The statement launched today underscores the view that risk management mechanisms are currently falling considerably short of their potential in delivering resilience benefits to the developing world. The insurance initiatives are therefore calling on governments to:

- Implement risk reduction measures already agreed at the 2005 World Conference on Disaster Reduction
- Provide a suitable enabling environment, including economic and regulatory frameworks, for risk management and insurance to function at all levels of society
- Invest in reliable risk exposure data and making it freely available to the public
- Act on lessons learned about the benefits of regional public-private partnerships and micro-insurance schemes which reduce losses for climatic risks

Today's statement calls on governments to formally recognise the potential role for insurance in the United Nations climate change negotiations, and to open channels for dialogue at a national level so that progress can be made immediately.

There is now an opportunity, given the current international negotiations under the UNFCCC, to firmly anchor insurance expertise and components into any global adaptation mechanism under the international climate-change regime.

A number of realistic proposals have already been submitted, the priority now is for governments to reach agreement so that they can be implemented.

Andrew Maskrey of the United Nations International Strategy for Disaster Reduction, will open today's launch with a keynote address. After the press conference, a high-level panel discussion led by senior insurance, government and NGO figures will explore immediate next steps. **A copy of the statement will be available on the websites of the initiatives listed below at 2pm. Attendees should register online prior to the conference at: <https://cambridgeprogramme.wufoo.com/forms/insurance/>**

Andrew Torrance, Chairman of ClimateWise and CEO of Allianz Insurance, commented: "With climatic disasters inflicting more and more damage, the increasing reliance of governments on foreign aid alone is unsustainable. As the global climate continues to warm, we have to find new ways to protect people and economies from the impacts of extreme weather, particularly those who are most vulnerable. Insurers have much to offer, but this potential can only be leveraged through a partnership approach with governments. With over 100 of the world's leading insurers standing ready to engage, the opportunity for partnership building is immense."

Patrick M. Liedtke, Secretary General and Managing Director of The Geneva Association, said: "The core principle of risk management and loss prevention is that in most cases 'prevention is better than cure'. If governments, especially in the developing world, can implement robust risk management and loss reduction measures then a significant amount of both human suffering and economic loss could be prevented."

Professor Peter Hoeppe, Head of GeoRisks at Munich Re and Chairman of MCII commented, "Developing countries are most vulnerable to climate extremes, even though they contribute little to greenhouse gases. These are precisely the areas which have the fewest tools to manage and transfer the risks they face and they often lack the financial resources to adapt to climate change."

Achim Steiner, UN Under-Secretary-General and UNEP Executive Director, said: "The insurance industry is making it clear: it has the expertise and the creative solutions to assist vulnerable countries and communities manage the risks of climate change. But it is a partnership that works both ways. Governments need to act on this opportunity and harness this reservoir of risk assessment skills. Secondly, the insurance industry needs a fighting chance of success. In other words governments need to back big cuts in emissions in line with the scientific reality".

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Notes to Editors

Four leading insurance and climate change initiatives, whose combined membership includes more than 100 of the world's leading insurers across Africa, Asia, Europe, North and South America and Oceania, have brought together their members' expertise to present this statement.

The initiatives are ClimateWise, The Geneva Association, the Munich Climate Insurance Initiative (MCII) and leading insurance companies within the United Nations Environment Programme Finance Initiative (UNEP FI):

ClimateWise is the global collaboration of leading insurers focused on reducing the risks of climate change. Launched in 2007 by HRH The Prince of Wales, and facilitated by the University of Cambridge Programme for Sustainability Leadership, ClimateWise brings together over 40 international members from Europe, North America, Asia and Southern Africa all of whom abide by the ClimateWise Principles.

<http://www.climatewise.org.uk>

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The Geneva Association is the leading international insurance economics "think tank" on insurance and risk management issues. Its members are 90 CEOs of the world's leading re/insurers. The objectives of the Association's climate-linked research have been to identify and analyse issues of specific relevance to the insurance industry, such as the likely range of future claims costs, and external challenges to be addressed at the political, educational and social levels.

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The Munich Climate Insurance Initiative (MCII) was initiated by Munich Re in April 2005 in response to the growing realization that insurance solutions can play a role in adaptation to climate change, as suggested in the Framework Convention and the Kyoto Protocol. This initiative is formed by insurers, climate change and adaptation experts, NGOs, and policy researchers intent on finding solutions to the risks posed by climate change.

<http://www.climate-insurance.org>

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The United Nations Environment Programme Finance Initiative (UNEP FI) is a strategic public-private partnership between UNEP and the global financial sector. UNEP works with nearly 200 insurers and reinsurers, banks and investment firms, and a range of partner organisations, to understand the impacts of environmental, social and governance issues on financial performance and sustainable development. Through a global programme encompassing research, training, events and regional activities, UNEP FI identifies, promotes and realises the adoption of best environmental and sustainability practice at all levels of institutional operations.

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