



## United for disaster resilience:

# The insurance industry's statement in support of disaster risk reduction

We in the insurance industry are well placed to understand the economic and social impact of disasters. We understand the value of disaster risk reduction, especially in the context of climate change adaptation, and the need for climate change mitigation. Our core business is to understand, manage and carry risk. In the past decade, average economic losses from disasters were about USD 190 billion per year, while average insured losses were about USD 60 billion per year.<sup>1</sup> This century, more than one million people have already lost their lives to disasters.<sup>2</sup>

In March 2015, at the 3rd United Nations World Conference on Disaster Risk Reduction in Sendai, Japan, a new global framework will be adopted to help governments at all levels better prepare for disaster risk and to improve the resilience of nations and communities to disasters. This framework, for the first time, includes a role for the private sector to contribute to disaster resilience, in line with the “five private sector visions”<sup>3</sup> below. We support the inclusion of the private sector in this framework, and believe there is a particular role for the insurance industry—as risk managers, risk carriers and institutional investors—in implementing this framework, as outlined under each vision below.

- **Strong public-private partnerships drive disaster risk reduction and resilience at the local and national levels:** We believe that the insurance industry's extensive experience and expertise in risk management—from identifying, assessing, preventing and reducing risk, to pricing, carrying and diversifying risk—can contribute not only to developing risk transfer solutions, but also, and particularly, risk reduction strategies.
- **Resilience in the built environment is driven by the public sector setting adequate minimum standards, and the private sector voluntarily working towards optimal resilience:** We believe that insights, data and tools from the insurance industry on disaster risk can help inform the debate on issues such as land use, building codes and standards, and zoning.
- **All financial investment and accounting decisions, public and private, are risk-sensitive:** We believe that certain proactive risk reduction and risk transfer strategies identified by the insurance industry can help protect investments and economies, and create long-term value.
- **A resilience-sensitive public and resilience-sensitive businesses drive each other towards resilient societies:** We believe that the insurance industry can play a key role, alongside governments, the broader business community and civil society, in raising awareness of disaster risk and in promoting disaster risk reduction, in addition to developing risk transfer solutions and making risk-sensitive investments.
- **The identification, disclosure and proactive management of risks carried by companies and public sector entities is standard practice:** We believe that the strong risk management processes, models, analytics and metrics developed by the insurance industry can serve as a model for understanding and reducing risk across a broad range of industries and public sector entities.

Reinforcing previous messages<sup>4</sup> and collaborative efforts by the insurance industry<sup>5</sup>, we, the signatories of this Statement strongly encourage the adoption by all countries of the Post-2015 Framework for Disaster Risk Reduction. We commit to working with governments and other public, private and civil society stakeholders to help implement this framework in order to build disaster-resilient communities and economies, and promote economic, social and environmental sustainability.

<sup>1</sup> Swiss Re (2014), Sigma report: Natural catastrophes and man-made disasters in 2013

<sup>2</sup> International Federation of Red Cross and Red Crescent Societies (2013 & 2014), World Disasters Report

<sup>3</sup> UNISDR Disaster Risk Reduction Private Sector Partnership's Five Private Sector Visions for a Resilient Future

<sup>4</sup> For example, see the PSI Statement: “Harnessing the full potential of the insurance industry in disaster risk management: An insurance industry commitment in support of the process to develop the Post-2015 Framework for Disaster Risk Reduction”

<sup>5</sup> For example, see the PSI Global Resilience Project