

TOWARDS A LOW-CARBON AND CLIMATE RESILIENT ECONOMY

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Agenda

- We encourage action through insurance....
...but could do more to see the silver lining in climate clouds
- We use our investor power, and...
...share our knowledge on risk
- The developing world will benefit from risk pooling...
...but supply and demand can be stimulated by good policies
- In summary, we can do more...
...with help from policy-makers

We encourage action through insurance

There are many examples..

- Lloyd's : renewable energy cover
- AXA : carbon offsets
- Allianz : low-emission discounts
- AON : encouraging biofuels innovation

But...

- Low take-up
- Price remains a key driver

A silver lining from climate clouds

Rebuilding after a disaster – an opportunity

- Mitigation: making properties more energy-efficient
- Adaptation: reduce risks “next time”

But these cost

- Premiums are higher
- They can only be “options”

POLICY-MAKER ACTION SOUGHT:

1. REGULATE TO LEVEL THE PLAYING FIELD

Using our investor power

Insurers are major investors

- Long-term value from climate strategy
- Some companies incorporate social responsibility...
...other actively engage, using voting rights

But investments are held to meet our customer promises

- High yields will always be sought
- Competition drives this

POLICY-MAKER ACTION SOUGHT:

- 1. INCORPORATE THE COST OF GREENHOUSE GAS EMISSIONS INTO BUSINESS VALUATIONS TO DRIVE INVESTOR DECISIONS**

We share our knowledge

Examples:

- Geneva Association – Kyoto Statement
- ABI and U.K. government – maintain flood cover
- ClimateWise – encourages debate
- Resilient Coasts Blueprint – U.S. collaboration
- UNEP Finance Initiative – driving sustainability

**There is goodwill and intent to collaborate...
....but more action is needed**

POLICY-MAKER ACTION SOUGHT:

- 1. CLEAR VISION FROM GLOBAL LEADERS**
- 2. NATIONAL ADAPTATION PLANS – A FRAMEWORK FOR CHANGE**

Risk pooling, developing countries will benefit

Insurance principles even more relevant to the poor

- Avoid poverty traps and stabilise economies
- Risks vary: tailored solutions required
- Many existing pilot schemes

Profit is still the driver...

- To compensate for risk, but many benefits remain

POLICY-MAKER ACTION SOUGHT:

- 1. STRONG COP15 STATEMENT INCLUDING INSURANCE IN ADAPTATION TOOLKIT**
- 2. ACCEPT A PROFIT DRIVER IS KEY TO A SUSTAINABLE INDUSTRY**

Developing world: encourage demand and supply

Demand

- Education, trust, moral hazard

Supply

- High costs, missing data, models, institutions

POLICY-MAKER ACTION SOUGHT:

- 1. ENCOURAGE COOPERATIVES AND MUTUAL GROUPS, AS NATURAL INSURANCE PARTNERS**
- 2. CAPTURE RISK DATA WITH REPUTABLE BODIES, AND MAKE FREELY AVAILABLE**
- 3. PROMOTE RESEARCH AND MODEL DEVELOPMENT – IN PARTNERSHIP WITH INSURERS**

IN SUMMARY...

**....WE CAN DO MORE WITH HELP FROM
POLICY-MAKERS**

QUESTIONS?

