

New Geneva Report on the insurance industry and climate change

The Geneva Association launches a major research report on insurance industry and climate change and publishes the “Kyoto Statement” signed by over 50 industry CEOs

London, 2 July 2009

Conference Programme

- 11:00 - 11:15 Welcome speech by Richard Ward & Patrick Liedtke
- 11:15 - 11:20 Introduction of “Climate change and Insurance (CC+I) project and the Kyoto Statement by Kunio Ishihara
- 11:20 - 11:30 Announcement of the report and its key findings by Michael Butt
- 11:30 - 11:40 CC importance to insurers from business perspective and future outlook by Rolf Tolle
- 11:40 - 11:45 Our contribution to COP15 by Christine Bosse
- 11:45 - 12:15 Q&A session
Opening comments by Thomas Blunck
- 12:15 Buffet lunch & refreshments




Presenting



- Thomas Blunck, Member of the Board of Management, Munich Re
- Christine Bosse, CEO, TrygVesta
- Michael Butt, Co-Chair of the research working group and Chairman, AXIS Capital
- Kunio Ishihara, Co-Chair of the research working group and Chairman, Tokio Marine & Nichido Fire Insurance
- Patrick M. Liedtke, Secretary General and Managing Director, The Geneva Association
- Rolf Tolle, Director, Franchise Performance, Lloyd's of London
- Richard Ward, CEO, Lloyd's of London



"Climate Change and Insurance" Project & Discussions at the General Assembly in Kyoto



*Kunio Ishihara,
Co-Chair of the insurance and climate
change working group and Chairman, Tokio
Marine & Nichido Fire Insurance Co., Ltd.*

"Insurance Industry and Climate Change —Contribution to the Global Debate"

- I. Physical effects of CC from an insurance perspective
- II. Impact of CC on the world economy in a 'business as usual' scenario
- III. An overview of the response to CC: mitigation and adaptation
- IV. Insurance and climate change: from reaction to pro-action
- V. The landscape of climate cooperation between governments and the insurance industry
- VI. Climate change and emerging markets: the role of the insurance industry in climate risk management?
- VII. Best practices, leadership by insurance: how can we establish the best practice of our business models related to CC?



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Working Group Members of the CC+I Project

- AXA Group
- Axis Capital
- Bermuda Institute of Ocean Sciences
- Lloyd's of London
- Munich Re
- Risk Management Solutions
- Swiss Re
- TrygVesta
- United Nations University - EHS
- The Geneva Association (secretariat)
- Tokio Marine



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General Assembly in Kyoto

- 27-30 May 2009
- Kyoto, Japan



Mr Shinzo Abe
Former Prime Minister of Japan

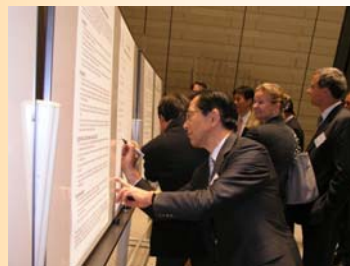


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"Kyoto Statement of the Geneva Association"

Key messages to four groups of audience

- Our customers
- Public policy-makers
- Government officials involved in COP15
- Insurance industry



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New Geneva Report on the insurance industry and climate change




Mr Michael Butt

*Co-Chair of the insurance industry and climate change working group and
Chairman, AXIS Capital*



***Climate Change
Importance to insurers***



Rolf Tolle,

member of the insurance and climate change working group and Franchise Performance Director, Lloyd's

Time to act...

- Climate change is real
- Extreme change is possible....
....with devastating economic/social consequences
- Insurers manage risk
 - We cannot reduce it – mitigation efforts are critical
 - But we can help...



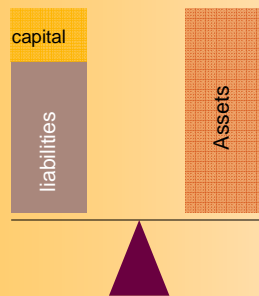
Affected Insurance Lines

- Property
 - Severity, frequency, location, length of season
 - Flood: rivers, flash floods, storm surges
 - Heave, subsidence
 - Increased costs not solely due to change in hazard
- Liability
 - Blame the emitters?/ users?/ advisors?
- Political risk/ Terrorism

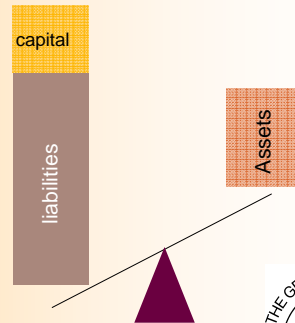


Assets/liabilities/capital – triple whammy

Before...



After...



A part of the solution...

- Data, data, data
- Research
- Risk-based pricing
- Adaptation is vital...
...maintaining insurability



A part of the solution...

- Helping the developing world
- Driving sustainability
- Investing responsibly
- Encouraging mitigation



In summary

- Climate change is real
- Many product lines affected
- We commit to being part of the solution



New Geneva Report on the insurance industry and climate change



Ms Christine Bosse

Member of the insurance industry and climate change working group and CEO, TrygVesta



The insurance industry and climate change



Dr. Thomas Blunck,

Member of the Board of Management of Munich Re

The insurance industry and climate change – Contribution to the global debate

First alerters on potential impacts of global warming: the insurance industry



Flood Inundation

2.1 Climatic Variations

Investigations into the overall trend of claims experience are indispensable and have climatic variations become most significant. Such investigations involve a study of thermodynamic processes such as, for example, the rising temperature of the earth's atmosphere (as a result of which glaciers and the polar caps recede, surfaces of lakes are reduced and ocean temperatures rise), changes in the earth's atmosphere due to the large-scale increase in areas irrigated and cultivated and increases in humidity resulting therefrom, and lastly the pollution of the earth's atmosphere, e.g. rise of the CO₂ content of the air causing a change in the absorption of solar energy. We wish to enlarge on this complex of problems in greater detail, especially as—as far as we know—its conceivable impact on the long-range risk trend has hardly been examined to date.

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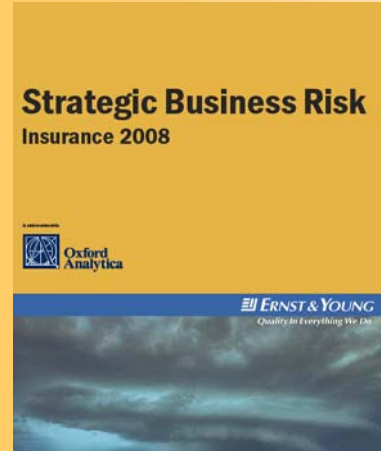
greater detail, especially as—as far as we know—its conceivable impact on the long-range risk trend has hardly been examined to date.

Munich Re Publication: August 1973



The insurance industry and climate change – Contribution to the global debate

Top 5 Risks for the Insurance Industry –
Interviews with more than 70 industry analysts




Strategic Business Risk
Insurance 2008

Oxford Analytica

ERNST & YOUNG
Quality in Everything We Do

- 1 Climate Change**
 - Long-term, far-reaching and with significant impact on the industry.
- 2 Demographic Shifts in Core Markets**
 - Offers business opportunities but risk that other sectors will capitalize first.
- 3 Catastrophic Events**
 - Rising costs and serious impact on earnings for insurers.
- 4 Emerging Markets**
 - Risk and opportunity but competitive threat from new players.
- 5 Regulatory Intervention**
 - Increased scrutiny impacting on operations and practices.



The insurance industry and climate change – Contribution to the global debate

The role of insurance industry in partnership with society

- Provision of data on weather-related losses to science, political decision-makers and the public
- Creating transparency of risks via risk measurement and risk adequate premiums; insurance gives risks a price tag and thus incentivizes prevention measures, which result in reduced loss loads for society
- Developing products promoting climate change mitigation and adaptation to the unavoidable effects
- Risk management consulting



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The insurance industry and climate change – Contribution to the global debate

Insurance industry has become an important stakeholder in the negotiations for a Post-Kyoto protocol

- Proposal of the Munich Climate Insurance Initiative (MCII) for an insurance mechanism for developing countries well received by many delegations of the climate negotiations.
- Many aspects of the MCII proposal already can be found in the negotiation texts.



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***The insurance industry and climate change –
Contribution to the global debate***



The insurance industry has been the first to address the risks caused by global warming and has developed many products to support climate change mitigation and the adaptation to it.

The report of the Geneva Association clearly reflects the outstanding role insurance industry is playing in the global discussion on climate change.

We are convinced that the new report will become a standard on this issue for the whole industry and beyond for the next years.



Q & A

