

RISK ASSESSMENT GUIDELINES TO SUPPORT GOVERNMENTS' RISK FINANCING AND TRANSFER

ZURICH, 13 October 2017 – The Geneva Association, the leading international think tank of the insurance industry, has published in collaboration with the Insurance Development Forum (IDF) the paper *Guidelines for Risk Assessment to Support Sovereign Risk Financing and Risk Transfer*, which provide governments with a framework for conducting the risk assessment underpinning national risk transfer programmes.

Such programmes rely on an accurate understanding of the risk context, including the potential impact of hazards (natural or man-made) on the population, infrastructure and economy. In order to adequately quantify it, governments should partner with multiple stakeholders including the insurance industry, risk modelling experts and data providers. Through public-private partnerships, governments can benefit from the insurance industry's holistic risk management expertise.

Dr Maryam Golnaraghi, Director of the Extreme Events and Climate Risk research programme of The Geneva Association, said: "There is growing evidence that countries with widespread market-based disaster insurance coverage do recover faster from the financial impacts of extreme events. While the benefits of risk transfer tools such as insurance are increasingly recognised globally, there is still a large and in some places growing protection gap, indicating that the opportunities and benefits of risk transfer mechanisms are not harnessed to their full potential. This guideline, which will be distributed by the UN to national governments, is a step towards addressing such gap."

Stephen Catlin, IDF Chairman, commented: "Extreme events often have devastating effects, particularly in low-income countries, hindering economic development and poverty reduction efforts. The insurance sector is fully committed to working with governments, civil society and international institutions to build greater resilience and protection for people and communities that are increasingly vulnerable to natural disasters and their associated economic impacts."

The *Guidelines for Risk Assessment to Support Sovereign Risk Financing and Risk Transfer* paper has been developed in response to a request from the United Nations Office for Disaster Risk Reduction (UNISDR) and is part of the document *Words into Action Guidelines: National Disaster Risk Assessment–Governance System, Methodologies, and Use of Results*.

The paper supports the adoption of the Sendai Framework for Disaster Risk Reduction 2015-2030, the 2030 Agenda for Sustainable Development, and the Paris Agreement. These three UN-backed initiatives have promoted the need for a comprehensive approach to managing extreme events and climate change risk, spanning across economic sectors and levels of government.

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[Interview with Dr Maryam Golnaraghi, Director - Extreme Events and Climate Risk, The Geneva Association](#)

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About The Geneva Association

The Geneva Association is the leading international insurance think tank for strategically important insurance and risk management issues. It is a unique platform for dialogue between leaders of the insurance industry and key decision-makers at the international and national levels to evidence the important social and economic role of the insurance industry.

The Geneva Association identifies fundamental trends and strategic issues where insurance plays a substantial role or which influence the insurance sector. Through the development of research programmes, regular publications and the organisation of international meetings, The Geneva Association serves as a catalyst for progress in the understanding of risk and insurance matters and acts as an information creator and disseminator.

The Geneva Association membership comprises a statutory maximum of 90 chief executive officers (CEOs) from the world's top insurance and reinsurance companies. It organises international expert networks and manages discussion platforms for senior insurance executives and specialists as well as policy-makers, regulators and multilateral organisations.

Established in 1973, The Geneva Association, officially the International Association for the Study of Insurance Economics, is based in Zurich, Switzerland and is a non-profit organisation funded by its membership.

www.genevaassociation.org

About IDF

The Insurance Development Forum (IDF) is an unprecedented public/private partnership between leaders of the United Nations (UN), the World Bank Group, and the insurance industry. Its initial focus is to contribute to closing the protection gap—the gap between insured disaster losses and the actual economic costs of disasters—by optimizing and extending the use of insurance and its related risk management capabilities to build greater resilience for people, communities, businesses and public institutions that are vulnerable to climate change, disasters and related economic shocks.

The IDF is chaired by Stephen Catlin, and co-chaired by Joaquim Levy, World Bank Group Managing Director and Chief Financial Officer, and Helen Clark, Administrator of the United Nations Development Programme. Ms. Clark's term at the UNDP has expired and the UN is expected to make a replacement appointment shortly. Other Steering Committee members include Mark Carney, Governor of the Bank of England and Chair of the Financial Stability Board, and 13 insurance industry CEOs.

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