

The Geneva Association – Webinar

*A Review of The Stakeholder Landscape in
Extreme Events and Climate Risk Management*

Dr. Maryam Golnaraghi
Director of Extreme Events and Climate Risks
Programme

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- \ About The Geneva Association
- \ List of GA's Extreme Events and Climate Risk programme's reports (2016-2017)
- \ Overview of the GA's latest report: The Stakeholder Landscape in Extreme Events and Climate Risk Management
- \ Conclusions

- \ The Geneva Association is the **leading international think tank** for strategically important insurance, economics and risk management issues.
- \ **The membership comprises a statutory maximum of 90 chief executive officers (CEOs)** from the world's **top insurance and reinsurance companies**, whose companies have gross written premiums of nearly \$2 trillion, more than \$14tn in total assets, more than 2 million employees, and serving customers in more than 140 countries.
- \ **GA interacts directly with CEOs, other C-Level executives**, chief economists, and leading experts in the industry as well as academia and a variety of other international partners.



From 2015-2016 timeframe GA has completed a number of strategic studies to underpin its high-level dialogue and consultations and identify priorities for action:

1) 19 November 2015: Climate Statement issued, reflecting the commitment to progress on extreme events and climate resilience signed by 68 chief executive officers of the global (re)insurance industry

Link to the GA Climate Risk Statement: <https://www.genevaassociation.org/media/934317/geneva-association-commits-statement.pdf>

2) COP 21 Paris Agreement: What Does it Mean for the (Re)insurance Sector?

Authors: Maryam Golnaraghi with contributions from: David Bresch, Peter Höppe, Karsten Löffler, Masaaki Nagamura, Ernst Rauch

Link for the report: https://www.genevaassociation.org/media/942906/whatdoescop21meanforinsurance_complete_digital.pdf

3) An Integrated Approach to Managing Extreme Events and Climate Risks

Towards a Concerted Public-Private Approach

With recommendations to harness potential contributions of the insurance industry

Authors: Maryam Golnaraghi, Swenja Surminski, and Kai-Uwe Schanz

Link for the report: https://www.genevaassociation.org/media/952146/20160908_ecoben20_final.pdf

4) The “Global” Stakeholder Landscape in Extreme Events and Climate Risk Management

Authors: Maryam Golnaraghi and Patrick Khalil

Link for the report: <https://www.genevaassociation.org/media/956576/stakeholder-landscape-in-eecr.pdf>

It graphically illustrates:

- ✓ Patterns of stakeholder engagement in the three international policy framework negotiations related to disaster risk reduction, climate change and sustainable development over the last five decades.
- ✓ Complex evolving global stakeholder landscape
- ✓ Multi-stakeholder initiatives in extreme event and climate risk management over the last decade
- ✓ Major developments in expanding risk transfer and insurance.

Objective: Enhanced understanding of the **dynamics of the complex global stakeholder landscape**, roles, engagements and initiatives with the goal to **catalyze stronger public-private partnerships** to support the global resilience agenda

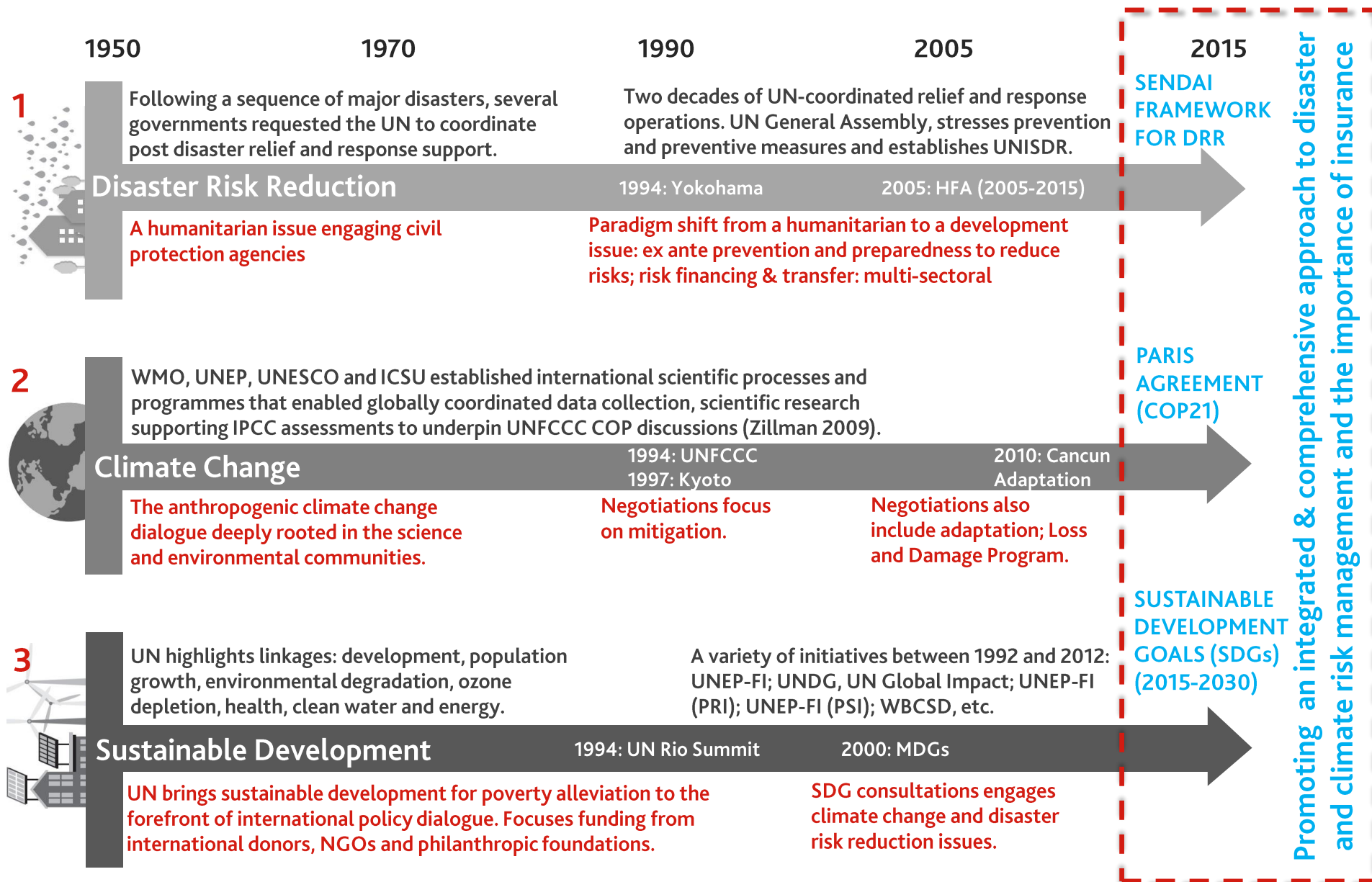
Target audience for this study:

- Staff of global insurance industry, risk modelling community, international development community, United Nations agencies, Socio-economic Groupings, NGOs and Civil Society Organizations, Scientific and technical community and operational centres, etc. who are supporting governments with the implementation of their disaster and climate risk management capacities
- Government officials and staff who work with (or seek support from) the international community

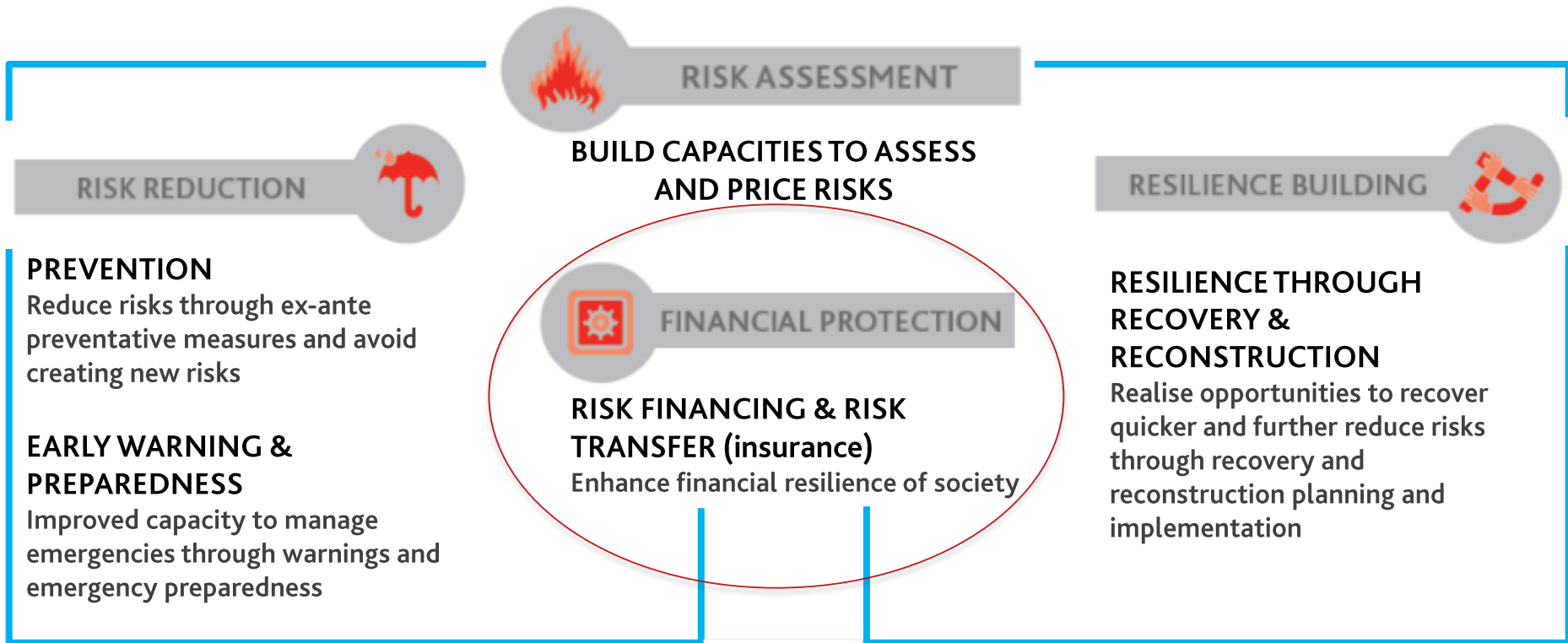


\\ Link for the report: <https://www.genevaassociation.org/media/956576/stakeholder-landscape-in-eecr.pdf>

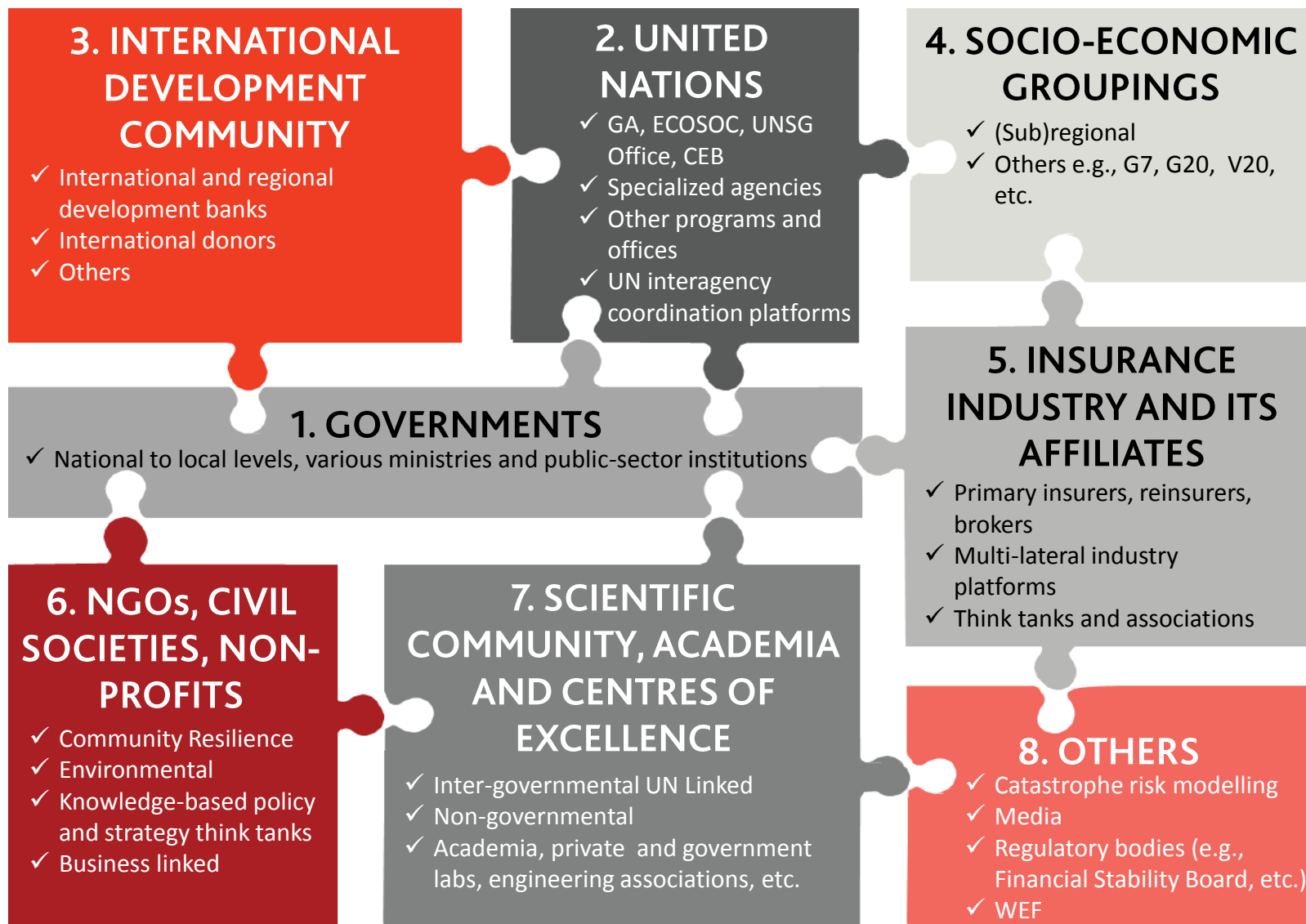
\\ Link for the press release: https://www.genevaassociation.org/media/956629/stakeholder-landscape-in-extreme-events-and-climate-risk_final.pdf



Integration across economic sectors, levels of the government (national to local) and the society,
supported by sound policies, regulatory and institutional frameworks



**GOVERNMENTS ARE AT THE HEART OF THIS ISSUE. A COMPLEX GLOBAL STAKEHOLDER
COMMUNITY HAS EMERGED TO SUPPORT GOVERNMENTS AND COMMUNITIES. THE
GLOBAL INSURANCE INDUSTRY IS ACTIVELY ENGAGING.**



Since 2005, a burst of multi-lateral multi-stakeholder initiatives in disaster and climate risk management, which we have categorized under four main areas:

I. EXAMPLES OF INITIATIVES TO ENHANCE RISK KNOWLEDGE AND RISK ASSESSMENT CAPACITIES

- ❑ RISK KNOWLEDGE DEVELOPMENT
 - Global
 - Country
 - Local
- ❑ REGIONAL AND NATIONAL INSTITUTIONAL CAPACITY DEVELOPMENT
- ❑ RISK MODELLING PRODUCTS/TOOLS
- ❑ PLATFORMS
- ❑ LOSS AND DAMAGE DATABASES AND ANALYSIS
- ❑ RISK REPORTING

II. EXAMPLES OF INITIATIVES PROMOTING AN INTEGRATED APPROACH TO MANAGING DISASTER AND CLIMATE RISKS

- ❑ UNITED NATIONS AND RELATED GLOBAL CAMPAIGNS
- ❑ REGIONAL
- ❑ NATIONAL AND LOCAL
- ❑ INSURANCE INDUSTRY
 - (Re)Insurance company's R&D programmes, centres of excellence and bi-lateral cooperation with international agencies
 - Multilateral R&D
 - High-level forums with governments and international partners
- ❑ NGOs

III. EXAMPLES OF INITIATIVES AND INNOVATIONS IN RISK TRANSFER

- ❑ NATIONAL
- ❑ SOCIO-ECONOMIC GROUPINGS - WORKING GROUPS AND INITIATIVES
- ❑ REGIONAL RISK TRANSFER FACILITIES
 - Engaging insurance industry , development banks, international donors and Socio-economic Groupings
- ❑ INSTITUTIONS AND PROGRAMMES WITH GLOBAL REACH
- ❑ INSURANCE INDUSTRY

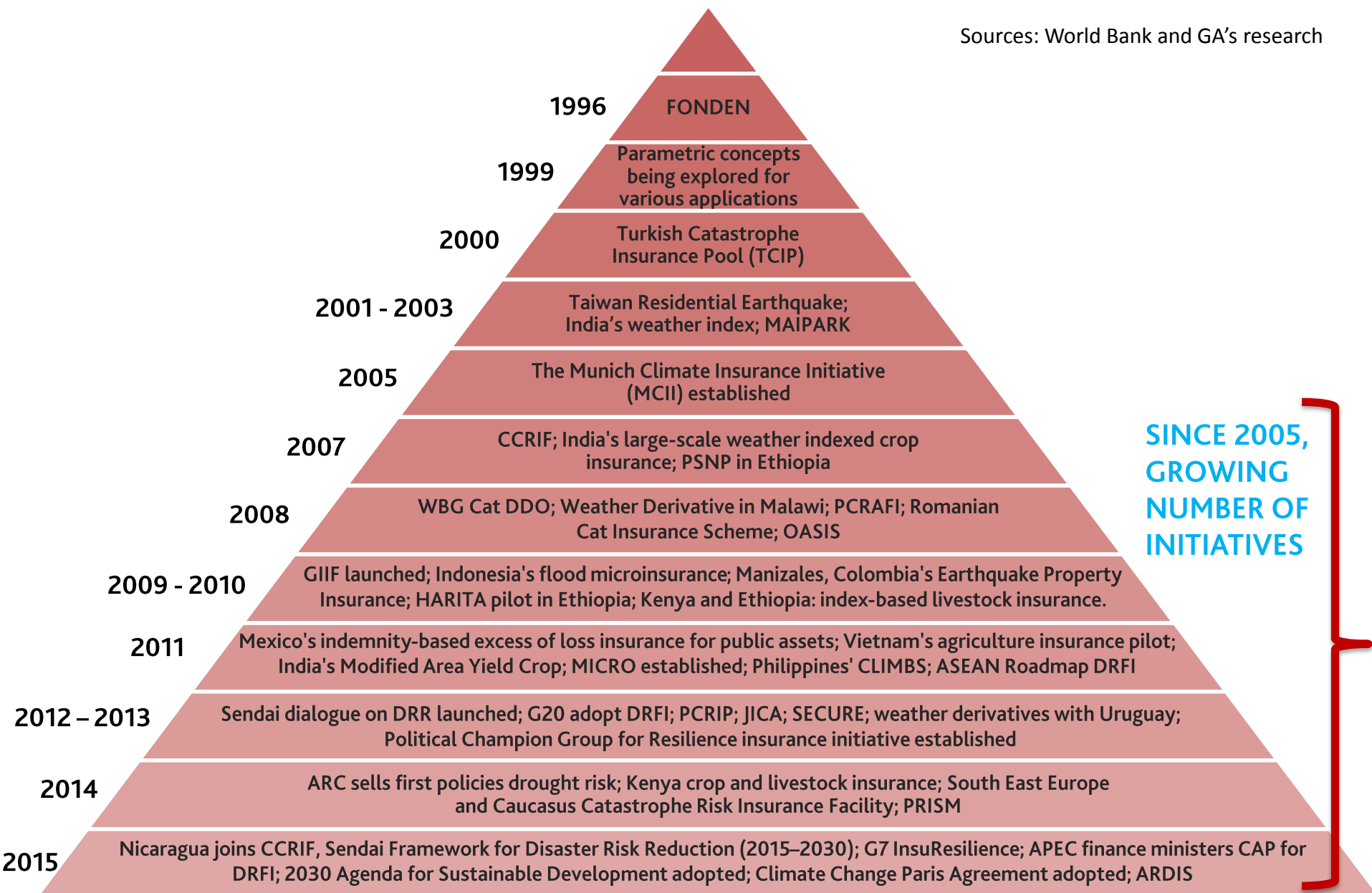
IV. EXAMPLES OF INITIATIVES TO FACILITATE RISK TRANSFER SOLUTIONS FOR THE AGRICULTURE SECTOR

- ❑ INITIATIVES FROM GOVERNMENTS AND NGOs HAVE LED TO A RISE IN THE USE OF AGRICULTURE INSURANCE IN SEVERAL DEVELOPING COUNTRIES
- ❑ NATIONAL AGRICULTURAL INSURANCE PROGRAMMES
- ❑ INSTITUTIONS AND PROGRAMMES WITH GLOBAL REACH

SINCE 2005, THERE HAS BEEN A BURST OF MULTI-LATERAL MULTI-STAKEHOLDER INITIATIVES IN DISASTER AND CLIMATE RISK MANAGEMENT.

THESE AREAS ARE HIGHLY ACTIVE BUT FRAGMENTED!

Sources: World Bank and GA's research



❑ Agricultural risks associated with extreme event and climate and economic risks

- Africa is particularly exposed, as 50 per cent of its total export value is based on agriculture. As an example, the projections of climate change impacts for Namibia indicate annual losses of 1 to 6 per cent of GDP by 2050, with livestock production, traditional agriculture, and fishing expected to be hardest hit, with a combined loss of USD 461 to 2,045 million per year by 2050.
- In New Zealand, the 1997-1998 severe drought conditions across large areas led to losses estimated at NZD 750 million (2006 values) or 0.9 per cent of GDP.
- For Asia about 15 per cent (23 million ha) of Asian rice areas already experienced frequent yield loss due to drought.
- Droughts are currently the third costliest natural disasters in the United States, with crop losses being the dominant type of economic impact. Future projections indicate increase in heat wave frequency and duration and increasing dryness for some U.S. regions.

❑ Latest developments with the expansion of insurance in agriculture

- Most recently, there is growing private sector involvement in agricultural insurance, attracted in part by the development of index-based insurance (IBI) but also by a shift towards more public-private and non-profit-private partnerships in the delivery of insurance.

❑ Product innovation through indexed based insurance (IBI) and challenges with their scalability

- (i) problems of weak demand by farmers,
- (ii) difficulties in developing appropriate indices and distribution networks,
- (iii) coping with climate change,
- (iv) insufficient public investments in necessary public goods,
- (v) first-mover problems, and
- (vi) data availability and reliability for index setting.

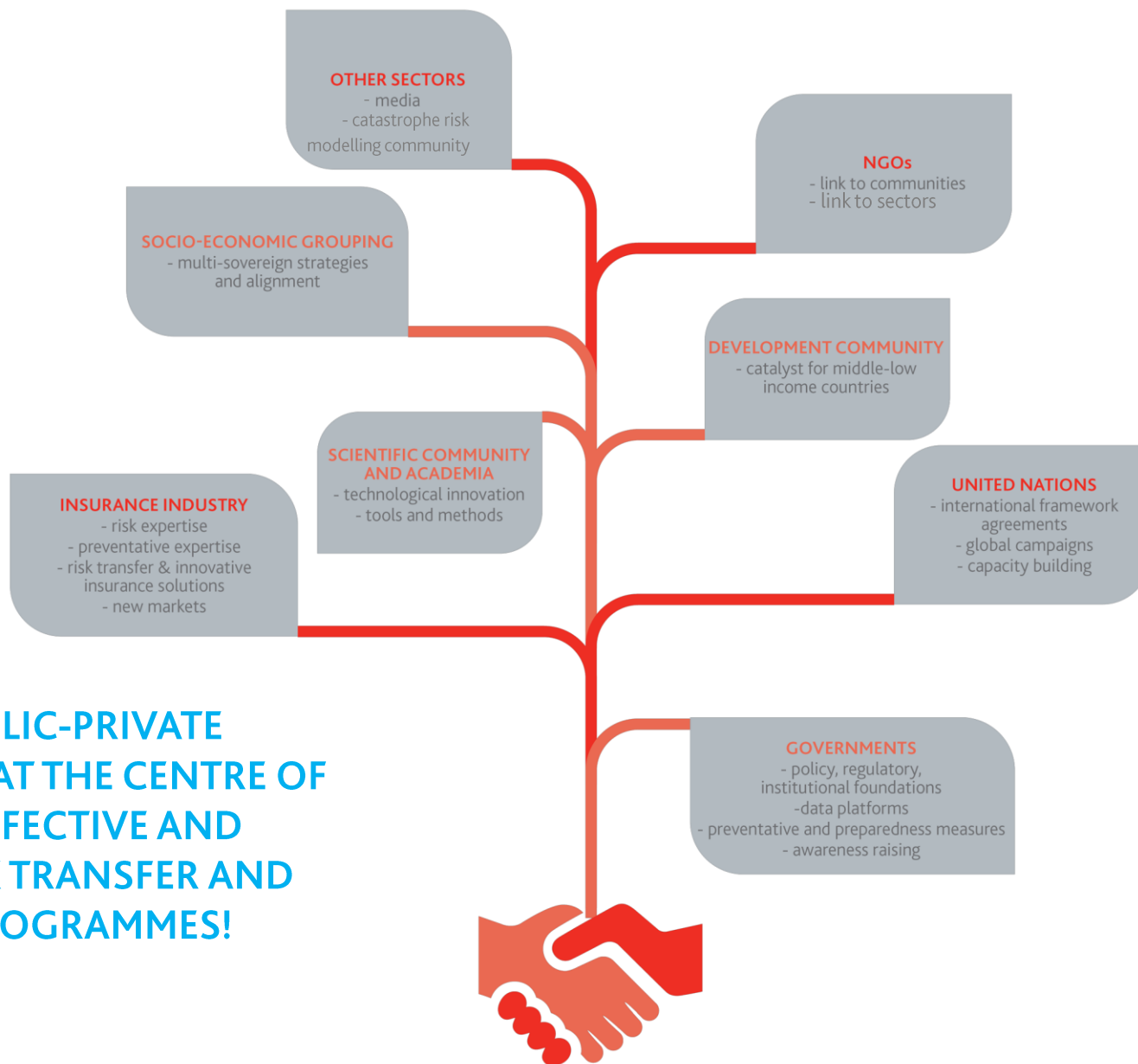
❑ Country examples for scaling up the use of agriculture insurance

- India: Evolution with National Agriculture Insurance Scheme (NAIS) since 1999
- Mexico: Mexican Agricultural Fund for Natural Disasters (CADENA)

Sources: Hess and Hazell (2015) and and GA's research

- \ Since the 1950s, UN and its institutions brought the topics of disaster risk reduction; climate change and sustainable development to the forefront of international policy dialogue.
 - ✓ Different mechanisms and engaging different stakeholders.
 - ✓ Profoundly influenced how these topics have been perceived and addressed by the national governments
- \ With governments at the centre of these issues, over the last decade, increasingly more stakeholders have engaged to support implementation at the international, regional, national and local levels. The global insurance industry is actively engaging (GA, IDF, etc.)
- \ The rapid increase in global economic losses from disasters has put the spotlight on insurability.
 - ✓ Since 2005, there has been a notable increase in innovations and initiatives in disaster risk financing and risk transfer (including insurance) targeting new markets.
 - ✓ With a number of factors hurdling the expansion of risk transfer around the world, scalability and sustainability remain a central concern (Golnaraghi et al., 2016).

EFFECTIVE PUBLIC-PRIVATE PARTNERSHIPS ARE AT THE CENTRE OF DEVELOPING EFFECTIVE AND SUSTAINABLE RISK TRANSFER AND INSURANCE PROGRAMMES!





Thank You

For further discussion, questions or to send your feedback, please contact:

Dr. Maryam Golnaraghi

Director Extreme Events and Climate Risks Programme

maryam_golnaraghi@genevaassociation.org

Cc Patrick Khalil patrick_khalil@genevaassociation.org